

XYZ Tanning

COMPANY HANDBOOK

EFFECTIVE _____

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The writer of this template does not offer this material as legal document. It is meant as a guide for the construction of your own company’s handbook. You might wish to contact an attorney to insure state and federal compliance and legal defense able format and content.

Introduction to XYZ TAN

Larry and Marie Smith in Wind Rock, Oregon, started XYZ Tan in 2003. Their introduction to indoor tanning came about from the explosion of tanning salon growth in the early- to mid- 2000s. Prior to entering the indoor tanning biz, Larry and Marie were involved with..... (Tell your own personal story of your business creation so employees may appreciate the work and efforts you have invested in your success)

XYZTANINCORPORATED

10794th Street

Wind Rock, Oregon

(Include a phone or email contact for senior management or ownership to provide a contact in the case of an "open door issue.")

Handbook Purpose

The reason we have compiled this handbook is to help orient you to your new job at XYZ TAN and to make you comfortable and productive in your new position. This handbook should be read and at times re-read by you to answer questions you might have about company policies, procedures and your benefits and obligations as a new employee associate. We encourage you to ask questions about this handbook's contents, become familiar with its policies and then sign and return the acknowledgment page. This page, when signed, states that you understand and accept company policies, and that you have accepted employment on an "at-will" basis. Again, welcome to XYZ TAN.

The "Open-Door" Policy

Generally, a satisfactory solution to workplace problems can be worked out, provided the Company knows about the problem. A satisfactory solution to the employee's problem will not result if the employee merely discusses it with his fellow employees, friends or family. The Company can only deal effectively with problems or complaints of which it is made aware.

Therefore, to provide an effective and acceptable means for employees to bring problems and complaints to the Company's attention, we have established an "employee concerns" procedure.

Step 1 - Immediate Supervisor

Employees should discuss XYZ TAN problems verbally with an XYZ TAN immediate supervisor as soon as possible after the event prompting the concern. The immediate supervisor will then attempt to resolve the complaint as quickly as possible. If you are uncomfortable discussing this matter with your immediate supervisor, you can proceed directly to discussing it with the next level of salon or company management.

Step 2 -

If your salon manager cannot resolve your concern, then you are to contact (Name of senior authority to contact)

Legislative Compliance Policies

Listed here are a few examples of Employment Law governing the employment policies of XYZ TAN. The Company complies with all state and federal employment legal requirements.

Americans with Disabilities Act (ADA)

XYZ TAN lawfully abides the ADA and will not allow discrimination of employees or employment decisions based on actual or perceived disabilities of employees or applicants for employment. If an applicant or employee cannot physically or mentally perform the required tasks of XYZ TAN job, a discussion will be conducted with management to determine what, if any, reasonable accommodation should or could be made to allow the start or continuance of employment.

Pregnancy Discrimination Act (PDA)

XYZ TAN management will not allow hiring or management practices to discriminate against female employees due to the condition of pregnancy. Pregnant employees will be monitored for performance by the same standards as all other employees. Unpaid leave is allowed for up to 9 weeks.

Immigration Law

XYZ TAN adheres to and supports all state and federal government employment laws and practices. Here is a partial list of XYZ TAN legislative compliance:

The Company is committed to full compliance with the Federal immigration laws. This procedure has been established by law and requires that every individual provide satisfactory evidence of his/her identity and legal authority to work in the United States.

Accordingly, all applicants who have been offered employment must comply with this procedure no later than their first day of work at XYZ TAN.

In an effort to comply with the stipulations of the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990, it is the policy of the Company to follow the below-listed requirements:

1. All employees will fill out XYZ TAN part of the Employment Eligibility Verification form (Form I-9) no later than XYZ TAN first day of work.
2. The documents establishing an individual's identity and eligibility will be checked

upon offer of employment, as well. If the individual does not have the appropriate documents available at this time, he/she must present the documents before beginning work. If the individual is unable to present the required document(s), he/she must present (before beginning work) a receipt showing that he/she has applied for the document(s). The individual then must present the actual document within 90 days of the date employment begins. Any employee who does not comply with this stipulation is subject to immediate termination.

3. The Company will properly complete Form I-9 and retain the form for at least three years. If the person is employed for a period longer than this, the Company will retain the form for one year after the person leaves employment.
4. The Company will present the form for inspection to an INS or Department of Labor (DOL) officer, upon request.

Equal Opportunity

XYZ TAN recognizes that the strength and growth of the Company is in its people. It is our policy to provide equal employment opportunities to all qualified persons without regard to race, religion, color, sex, national origin, mental or physical disability, veteran's status or other protected status in accordance with applicable law. We strive to make employment decisions based on our evaluation of an individual's qualifications, abilities, work place behaviors and job function contributions to the success of our company.

General Employment Policies

It is the responsibility of all our employees to use common sense, sound business judgment, and to conscientiously perform your work duties while following Company policies and management directives in the performance of your job. As a XYZ TAN employee, you should familiarize yourself with our policies and keep yourself abreast of changes in those policies. When new or revised sections of this Handbook are issued, you are responsible for inserting those sections in your copy of the Handbook. Be sure to discard any sections that have been replaced.

In the event you have questions about your position, your employment status, your job requirements, or any other matter, please discuss your questions with your supervisor. If your supervisor is not available, ask any member of the management team.

Employment At-Will

All employees are hired and retained on an "at-will" basis. Both employee and employer (XYZ TAN) may make the decision to terminate the employment relationship at any time and for any reason. This means that there is no employment contract created between XYZ TAN and any employee and that there is no agreement of employment by XYZ TAN or employment service by employees for any specified time or under any specified conditions. Of course, it is our hope that employees and XYZ TAN will find each employee/XYZ TAN working arrangement to be positive and ongoing. A stable productive worker force is good for both XYZ TAN and its employee associates!

Employee Classifications & Definitions

"TRIAL" OR "INTRODUCTORY" EMPLOYEES

The trial period for new employees who are hired for ongoing employment is 30 continuous calendar days. During this period, you will have an opportunity to evaluate whether the work for which you were hired, the people with whom you work and the general atmosphere and conditions at the Company meet your expectations. At the same time, we will evaluate your performance. The attitude and aptitude you show in your work habits during this period your attendance, punctuality, ability to learn, and ability to get along with people, will be primary factors used in determining whether you will be assigned to regular employment status.

The trial period is an introductory period. Completion of trial service is not intended to

provide an employee with any particular job rights or guarantees. You should also understand that you have no obligation to stay for the 30 days and the Company has no obligation to retain you as an employee for this entire period if, in our view, your performance or other business considerations warrant termination of your employment.

Trial period employees are not eligible for Company benefits, except as specifically set forth in this Handbook.

REGULAR EMPLOYEES

Regular employees are employees who have been hired for ongoing employment who have completed XYZ TAN's trial period.

A regular full-time employee is one who has completed his/her trial period and who regularly and consistently works (determined by retailer) hours per week. If they meet the eligibility requirements, regular full-time employees are eligible to receive all the employee benefits outlined in this Handbook. Please note that some of these benefits are available only to employees in certain job classifications.

A regular part-time employee is one who has completed his/her trial period who regularly works less than ___ hours per week. Regular part-time employees are not eligible to receive employee benefits, except as specifically set forth in this Handbook or required by law.

PART-TIME OR TEMPORARY EMPLOYEES

Part-time and temporary employees are those who perform services on a basis of less than ___ hours per week, or as needed for short-term employment. These employees are not eligible for employee benefits, except as set forth in this Handbook or as required by law.

All employees, regardless of classification, are on an at-will status, and no contractor guarantee of long-term employment is assigned to any employment classification.

Appropriate Dress & Grooming

(The following description should be altered for the particulars of your business.)

As a XYZ TAN employee, you are a representative of the Company. Although we do not have a formal dress code, you are required to be neatly groomed and wear suitable clothing for your work environment. If you work at one of our retail locations, you will be required to wear clothing with Company insignia. T-shirts with political logos, or drug, alcohol or tobacco products, representative images of violence or other issues considered controversial by salon management shall not be worn.

Also, tattoos are not to be visible and body piercing is restricted to ears for men and women. This is not done to reduce our employees "freedom of expression", but exists to reflect the opinions of most our customer base who might find more liberal expressions offensive.

Also:

- Shirts must be clean, pressed and worn tucked in.
- Hair should be worn in a neat, moderate-length style.
- Always wear comfortable shoes but no open-toed shoes or sandals. (This is both a health and safety requirement)
- Maintain proper hygiene.
- No visible tattoos.
- Acceptable visible body piercing is limited to the earlobes. Earrings and jewelry should be conservative and inoffensive.
- Pressed casual slacks should be worn and shorts are acceptable only on a seasonal basis.
- Name tags and special promotion pins must be worn at all times.

Any employee not properly attired or groomed can be sent home without pay to correct whatever dress code issue exists.

Working with your Supervisor

Your supervisor or manager plays an important part in your association with XYZ TAN. He or she is your key link to the company. It's your manager's responsibility to explain your job, define your responsibilities, provide training and give you the tools and guidance you need to do your job well. But your manager's ability to do all those things doesn't just depend on what he or she does, it also depends upon you.

To work effectively with your supervisor, you need to show interest and initiative. Your supervisor can't help you if he or she doesn't know what's on your mind. You have a responsibility to ask about anything that concerns you and keep the communication channels open. Remember that your supervisor or manager was once in a position very similar to yours. He or she can help, but only if you speak up to let your thoughts and feelings be known.

Customer Service

We all know what it's like to be a customer. In the grocery store, salon or cleaners, we've all experienced the frustrations and rewards that are part of shopping for the things we need. This shared experience is one of the most valuable tools we have for understanding our own customers. And it's the reason our principles of customer service are so simple. At XYZ TAN, we treat our customers the way we would like to be treated.

Here are some basics: always be polite, and never get into an argument with customers. Remember: get help from your manager or supervisor if a customer has a question or a

problem you can't answer. Finally, try not to say "no" to a customer; if you don't know, then just say "maybe."

Employment of Relatives

While we occasionally allow members of the same family or household, or those in a dating relationship, to work for XYZ TAN, we restrict how closely they can work together. This is in the interest of preserving a professional work environment for all of us.

You should not work directly with, or report directly to, anyone who lives in your household, anyone who is a member of your immediate or extended family or someone with whom you have a personal dating relationship. "Immediate or extended family" includes: your spouse, parents, children, brothers, sisters, grandparents, step-parents, step-sisters, step-brothers, grandchildren, mother- or father-in-law, brother- or sister-in-law, legal guardian, uncles, aunts, nieces or nephews.

Exceptions to the policy can only be made with the prior approval of a member of the senior management team before the start of employment or status change, i.e., promotion.

Smoking

Smoking is not allowed in our salons and is not allowed outside the back door for security reasons. We want our employees to be safe from possible burglaries or armed robbery attempts. Smoking is allowed outside of the front of the salon during authorized breaks and out of the view of the public. Also, smoking breaks are only to be taken when another employee is available for coverage.

Food & Beverages

During working hours, food and beverages should not be kept or consumed where visible to our customers. Food and beverages may be consumed on breaks or at meal periods out of sight of our customers. Drinks must be of a twist- or sport-cap type variety to prevent spillage on counters, merchandise, computers, etc. Food and beverage that is salon inventory can be purchased but must be rung up by a member of the salon management team. (See "Employee Discounts and Purchases"). If a salon management team member is not available, then purchases must be brought to the attention of them when possible, including cash register receipt.

Outside Employment

Generally, the Company has no objection to employees holding other jobs or being self-employed as long as we feel:

- You are able to meet the performance, attendance, overtime and other requirements of your job;
- Your off-duty work activities do not, in our view, interfere with or negatively reflect upon the interests and reputation of the Company; and
- Your off-duty work activities do not directly or indirectly compete with the Company or its interests.

In order to avoid misunderstandings, employees are required to obtain advance written approval for outside employment from a manager. Also, upon termination, employees agree to not accept employment or any activity that will or would compete with XYZ TAN company operations for a period of 12 months. This includes working for a competitor or owning a competitive operation.

Cash Shortages & Handling

Cash shortages are considered a serious matter and will result in disciplinary action as determined appropriate by the Company. However, employees are prohibited from paying for a cash shortage, and supervisors are not authorized to pressure, encourage or allow an employee to pay for a cash shortage. If you feel that you are being pressured or encouraged to pay for a cash shortage, contact a member of the salon or senior management team immediately. Also, at no time is any employee to write a personal check or "IOU" for cash withdrawals from the salon cash registers or safes.

Hours & Work Schedules

Schedules

(The retailer might wish to adjust this section for their definitions of schedules)

Our workweek begins on Sunday and ends on Saturday. Employee work schedules are established on an individual basis. A normal workweek for full-time employees is 35-40 hours per week, excluding meal periods. If you have any questions about your work schedule or meal and break periods, ask your manager for clarification. Schedules are to be posted on Fridays for the next two-week period.

Reporting for Work

You are expected to report for work in sufficient time to begin working at the scheduled starting time. You are also expected to continue working during your regular work schedule, except meal periods, unless otherwise approved by your manager. If it is necessary for you to leave work during working time, be sure to obtain prior approval.

Changes in Work Schedules & Hours

The Company needs to remain flexible in order to respond to changing customer needs. Consequently, we reserve the right to change the schedules and hours of all or any part of our work force to provide for efficient and uninterrupted service. Although we are interested in providing our employees with a stable work schedule, our ability to do so depends on our assessment of work needs and business conditions. Nothing in this Handbook is intended to be a guarantee of employment for a specified number of hours per week or day. Employees may be reduced in hours if management believes it is necessary due to lack of work, interruptions in work-flow or other business reasons.

Overtime

Employees are classified as exempt or non-exempt for overtime purposes. Exempt employees are not entitled to overtime pay.

Non-exempt employees, including all hourly employees, will be paid overtime at time and one-half (1½) XYZ TAN regular hourly rate for hours worked in excess of 40 hours in a work-week. If you are a non-exempt employee and you are absent due to illness, vacation, holiday or any other reason during the workweek, you will receive straight time pay until you have worked a total of 40 hours that week. Pay received for hours not worked is not counted toward the computation of overtime.

Also, the Company does not provide comp time (paid time off for hours not worked) in exchange for overtime pay. However, with your manager's approval, you may trade time within an individual workweek to avoid overtime.

Your manager must authorize all overtime before it is worked, unless emergency circumstances prevent prior approval. Unauthorized overtime will result in discipline or termination as deemed appropriate by the Company.

Employees are expected to perform overtime work when it is required. If the assignment of overtime work presents a hardship for you, discuss your concern with your manager. The Company will consider particular employee needs and desires to the extent we feel that it is practical and fair to your co-workers.

Time Records Keeping

We want to be sure our employees are paid for all the work they perform. To accomplish this, we must have an accurate record of time worked. Except for exempt employees, all employees are required to accurately and fully report via logging in to XYZ TAN's assigned salon computer. In fulfilling this responsibility you should report your hours starting from the time you begin working and ending when you stop working, excluding your meal period.

Non-exempt employees should not start working before XYZ TAN's scheduled starting time or work beyond XYZ TAN's scheduled quitting time without management approval. Similarly, non-exempt employees are fully relieved of all work responsibilities during XYZ TAN meal periods. If you are a non-exempt employee, we do not want you to remain at work to perform even incidental duties, such as telephone answering, during your meal period. At no time are hourly employees allowed to work "off the clock". If you are being asked to do so or believe you have done so, you are to immediately contact your salon manager or a member of company senior management. Your lunch period is to be used only to eat or attend to non-work related matters.

Compensation

PAYDAYS

Paychecks are issued on the ___th and ___th day of each month. The paycheck you receive on the ___th is for the pay period from the ___st through the ___th of that month. The paycheck you receive on the ___th is for the pay period from the ___th day through the end of the previous month. If the ___th or ___th falls on a weekend or holiday, your paycheck can be issued on the previous regular workday.

If you want your paycheck released to your spouse or another person, you must write and sign a statement authorizing release unless an emergency situation requires over the phone authorization.

PAYROLL DEDUCTIONS

Deductions from your paycheck fall into two categories: legally-required deductions and employee-purchase deductions. Legally-required deductions, such as FICA, federal and state taxes, etc., are automatically deducted. Other items you wish to have deducted from your paycheck, such as employee purchases, will be deducted upon written authorization from you.

CORRECTIONS

If you have questions or feel your paycheck is not accurate, promptly notify your manager. We do not want to make mistakes in paying our employees. By bringing mistakes in payment of your wages to our attention as soon as possible, you will help us make sure you are properly compensated for all the work you have performed.

GARNISHMENT OF WAGES

The Company is required by law to recognize certain court orders, liens, and wage assignments. When this Company receives a notice of a pending garnishment or wage assignment, management will discuss it with the employee to settle the matter without involving the company. Employees are encouraged to avoid financial transactions that result in wage garnishments.

PAYMENT UPON TERMINATION

Employees will receive a XYZ TAN final paycheck within the time required by law.

All company property, such as keys; salon shirts, name-tags, and outstanding rentals must be returned by each employee at the time the final paycheck is provided. Any unpaid employee account must be paid at the time of termination or these amounts will be deducted from the employee's final paycheck (as pre-authorized).

HOLIDAY PAY ELIGIBILITY

(To be established at the judgment of the retailer.)

All hourly employees are eligible for holiday pay for recognized holidays in the event an hourly employee is required to work the holiday. Holiday pay shall be in the amount of one and one-half times an eligible employee's regular straight time rate. In order to be eligible for holiday pay, an employee in these classifications must be actively employed on the day of the holiday.

SUGGESTED RECOGNIZED HOLIDAY PAY DAYS

XYZTAN recognizes the following holidays:

New Year's Day	Labor Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

Leaves of Absence

When employees are hired, it is expected that they will work continuously as needed. We do, however, recognize that uncontrollable conditions do arise, which require employees to take a temporary absence from employment.

During the period of any leave of absence, no wages or benefits are accrued or paid unless specifically stated in this Handbook or required by law.

Leaves of absence must be requested by the employee in writing and approved by a member of the management team in order to allow us to make arrangements for proper staffing during your absence. Employees who do not notify the Company and obtain approval for leaves of absence will be considered absent without authorization. Absences not approved will subject the employee to disciplinary actions up to the possibility of termination.

Medical Leave

Occasionally, employees are required to be absent from work for extended periods of time due to serious on- or off-the-job medical disabilities. In such circumstances, employees should contact an XYZ TAN manager regarding an extended leave of absence. Employees who are absent from work due to work-related illnesses and injuries may be eligible to receive workers' compensation benefits.

Safety

It is our policy to provide safe working conditions for all employees. We rely on our employees to work in a manner that does not produce injury to themselves, persons working with them and/or the general public. Our goal is to have zero accidents and injuries. Only through your complete cooperation will we achieve this goal.

REPORTING INJURIES

Work-related injuries and illnesses must be reported to your manager as soon as possible. This is essential. Even though a work-related injury might appear to be of little consequence, it is important that it be reported in sufficient detail to establish a claim should complications follow.

All employees are likewise required to immediately report any accident involving other persons or XYZ TAN property, or injuries to customers. These accidents should be reported in sufficient detail to allow the Company to respond. Employees are expected to cooperate fully with all accident investigations.

REPORTING UNSAFE WORKING CONDITIONS

It is the responsibility of all employees to report any unsafe working condition promptly. Reports should be made to your manager. We encourage our employees to work with us to maintain safety by alerting us to potentially unsafe conditions.

Benefits Section

Employee Assistance Plan

(Option for the employer. An EAP is a cheap and professional way for a retailer to provide personal and private counseling for its employees)

From time to time employees may encounter personal or work place situations that inhibit XYZ TAN efficiencies on the job. This can be detrimental to the company and the employee's future employment. XYZ TAN may, as its option, make it mandatory for an employee to utilize the help of an EAP counselor. Discussions with an EAP professional are kept confidential to that counselor and the individual employee. XYZ TAN will only verify the employee's attendance and if by the counselor's opinion, there is "progress being made." No details of the discussions will be shared outside of these sessions unless there is deemed by the counselor to be a potential threat of violence toward people or property. Mandatory EAP attendance costs will be paid for by XYZ TAN.

Employee Discounts & Purchases

(To be filled in with the specific retailers policies on employee purchases.

All employee rentals and purchases may be done so by using XYZ TAN employee account and must be rung up by a member of the salon management team. However, all employee charges must be collected immediately following the last pay period of the month.

Health Benefits

(To be filled in with the specific retailers policies on employee purchases.

Vacations

(To be filled in with the specific retailers policies on employee purchases.

Vacation Scheduling

Vacations must be scheduled in a way that allows us to meet the needs of our operation. Consequently, your manager must approve requests for vacation time in advance.

In order to avoid vacation-scheduling problems, we encourage you to submit vacation requests a minimum of three (3) weeks in advance.

Full time employees earn one week (40 hours) paid vacation after XYZ TAN first year of full time service. That week can be and must be taken (exception is the California ruling) within the one year following the anniversary employment start date.

VACATION ACCUMULATION & CARRYOVER

(To be filled in with the specific retailer's policies on employee purchases.)

Employees are not allowed to accumulate vacation pay from year-to-year. Consequently, it is important for employees to take vacation time off during the vacation anniversary year (your "anniversary" date is your date-of-hire as full-time employee or the date you became an employee), immediately following the year in which it is earned. Vacation time-off not taken within this year will be forfeited (except in California where employees may not accrue vacation time in excess of 40 hours). We do not want forfeitures to happen; consequently, we encourage you to plan to make the best possible use of your vacation time off.

VACATION PAY

(To be filled in with the specific retailer's policies on employee purchases.)

All regular full-time employees who have completed one (1) year of continuous employment are eligible to receive vacation pay. Regular part-time, temporary and casual employees are not entitled to vacation pay.

Standards of Conduct

We believe that most employees prefer to work in an environment in which serious or repeated violations of the Company's standards are not permitted. With that in mind, we have established rules, which together with observing all other proper standards of conduct, employees are required to obey.

Progressive Discipline

Aside from the Company's right and your right to terminate our relationship at any time and for any reason, the Company may issue verbal or written warnings, suspend, demote or take other disciplinary action against employees for violation of our rules or policies as deemed appropriate by the Company.

We have, however, grouped examples of the types of conduct, which is not acceptable into two (2) basic categories: minor and major infractions.

When we feel a regular employee has committed a minor infraction, the employee will generally receive a written warning prior to termination. (Trial period or temporary employees will not generally be given a written warning prior to termination.) However, each situation will be evaluated according to the circumstances involved, and the type of discipline administered may vary from that listed in each group based upon our determination of the seriousness of the offense. Also, a warning for different minor infractions may be combined to determine the type of discipline administered. Written warnings will remain on an employee's record indefinitely, unless they are waived in writing by a member of the senior management team. If you would like to get a written warning removed from your record, make a request to a member of the management team. No warnings will be removed during the one-year period following issuance.

MINOR INFRACTIONS

These types of infractions include, but are not limited to, the following:

- Unsatisfactory attendance, including unauthorized or excessive absenteeism, tardiness, failure to notify of intended absence or tardiness or failure to comply with other reporting policies.
- In the event you cannot work your scheduled shift: You must notify your immediate supervisor at least two (2) hours prior to an opening shift and four (4) hours prior to the beginning of a "mid-day" or closing shift.

- Careless, inaccurate, unreliable, or otherwise unsatisfactory work performance or productivity.
- Interfering with or impeding any employee's work by talking or creating other distractions.
- Performing other than Company work during work hours.
- Failure to follow safe working practices. (Note: When the Company believes, an employee has committed a serious safety violation, that employee is subject to immediate discharge).
- Failure to promptly report an accident or injury or cooperate in accident or injury investigations.
- Engaging in off-duty conduct which negatively affects the Company's reputation or interests, but is not, in the Company's view, serious enough to justify discharge.
- Discriminatory behavior or harassment of a racial, ethnic, sexual or religious nature which, in the Company's view, is not serious enough to justify immediate discharge.
- Being rude or otherwise uncooperative in dealing with co-workers, managers, customers or business associates.
- Violating any Company policy or practice that is presently in effect or subsequently issued.
- Any other conduct which is, in the view of the Company, sufficient to justify discipline.

MAJOR INFRACTIONS

These types of infractions include, but are not limited to, the following:

- Threatening, intimidating, coercing or assaulting another employee, supervisor, customer, or business associate.
- Insubordination, including failure to follow any verbal or written job instructions issued by a person in the position of authority as determined by the Company.
- Provoking or instigating arguments, dissension or fights during working hours or on Company premises, or engaging in horseplay which results or could result in injury or property damage.
- Deliberately delaying or restricting production, or inciting others to delay or restrict production.
- Any deliberate or reckless act of destroying, or damaging Company property, tools or equipment, or the property of others on Company premises.
- Falsifying any reports or records, such as applications, absence and sickness reports,

or time records.

- Dishonesty of any type.
- Committing what management views as repeated or serious violations of safety rules or safe working habits which the Company believes are repeated or serious.
- Engaging in discriminatory behavior or harassment of a sexual, racial, ethnic, or religious nature which the Company considers to be serious.
- Possessing firearms or explosives on company property.
- Violation of the Company's Drug and Alcohol Policy.
- Verbal disparagement of the Company or engaging in off-duty conduct which, in the Company's view, seriously damages its interests and/or reputation.
- Violating any Company policy presently in effect or subsequently issued which the Company considers serious enough to justify immediate discharge.
- Any other conduct which is, in the view of the Company, serious enough to justify discharge or suspension.

We believe these rules are clear and require little explanation. However, if you have any questions concerning the application or intent of these rules, please consult your supervisor. Obviously, rules cannot be listed to cover every situation. Conduct not specifically mentioned will be disciplined according to the standards followed for what the Company considers the most equivalent type of conduct listed.

Any employee's overall record may be considered in determining the appropriate degree of discipline to be imposed in a particular case. The Company will determine what the facts are, whether discipline is warranted, how serious the violation is and what level of discipline is appropriate. If you feel you have been unfairly disciplined or discharged, we encourage you to utilize the complaint procedure.

Notwithstanding all of the above listings and other verbal and written statements, employment can be terminated, with or without notice, at any time and for any reason the Company considers sufficient at its option or the employee's option. The above lists are intended provide you with examples of some of the types of conduct that lead Company to exercise termination options.

Attendance & Tardiness

Part of being a good employee is to be dependable. Your punctuality and regular attendance are essential for efficient operations. Remember, when you are absent, your co-workers often must absorb extra work.

If you know in advance that you are going to be unavoidably late or absent, clear it

with your supervisor so that substitute arrangements can be made to cover your work in advance. If you are unexpectedly unable to report on time or are unable to work that day, regardless of what the reason may be, you are expected to call your supervisor at least one hour prior to your scheduled starting time.

Employees who fail to report to work or call in to a XYZ TAN immediate supervisor or another member of salon management will be terminated, unless the Company determines special circumstances existed to justify the lack of notice.

When you are off work due to an illness or injury, you must keep your supervisor informed of your condition and anticipated date of return to work on a daily basis, unless you receive approval from the Company to be absent until a specific date. This will allow the Company to make staffing arrangements to meet its needs. The reporting policy for employees on a medical leave of absence, including employees off work on workers' compensation, is addressed under the Leaves and Absence section of this Handbook.

If the Company has concerns about an employee's absenteeism rate (missing three consecutive scheduled work days), the Company may require the employee to provide a note from a doctor verifying the reason for the absence.

Use of Company Telephones

Although the Company recognizes that there will be times when personal phone calls or messages must be made or received during business hours, we appreciate your cooperation in keeping personal phone calls, both incoming and outgoing, to a minimum. This will enable us to keep our telephone lines available to customers. No personal long-distance calls are allowed from salon phones. Personal use of cell phones during work shifts is discouraged. If an employee abuses the privilege of their use of a cell phone they may be required to leave their cell phone in their car or in a back office. Continued violations of this policy can lead to disciplinary additional actions.

Cooperation & Teamwork

We believe that teamwork and collaborative relationships are the foundation of a successful employment relationship. As a member of the XYZ TAN team, you can expect to be treated with courtesy and respect by the members of the management team. Likewise, you are expected to be cooperative, polite and positive in relations with co-workers, managers, supervisors, customers and others you come into contact with through your employment with XYZ TAN.

Remember that when an individual joins XYZ TAN, that person becomes an important part of our organization where we strongly endorse teamwork and cooperation.

Drug & Alcohol Policy

The purpose of this policy is to promote a safe and productive working environment and

prevent accidents, injuries and property damage which may result from drug and alcohol abuse.

PROHIBITED CONDUCT

The following conduct is strictly prohibited at XYZ TAN:

- Reporting to work or returning to duty following breaks or meal periods with any amount of drugs or alcohol in your system.
- Consuming, manufacturing, buying, selling, distributing or possessing illegal drugs or alcohol on Company premises or while off Company premises doing Company work. This rule applies regardless of whether you are on paid time. "Company premises" includes all property rented, leased, owned or controlled by the Company, including parking lots and adjacent areas. It also extends to Company equipment and vehicles on or off our property.
- Failing to fully cooperate with any aspect of the Company's enforcement of this policy, including but not limited to refusing to promptly submit to required testing; giving false, diluted or altered urine samples and failure to comply with rehabilitation conditions imposed by the Company or rehabilitation counselors.
- Failure to promptly report conviction, arrest or plea bargaining for an alcohol or drug related criminal offense. All drug and alcohol related convictions, arrests and plea bargaining arrangements must be promptly reported to your manager. This obligation to disclose applies to all convictions, arrests or plea bargains which occur after the effective date of this Handbook.

As a narrow exception to these rules, alcohol may be consumed in moderation at "special events," such as an open house for customers and/or vendors or during business entertainment meetings. At "special events," alcohol may be served only with approval of the management team. On these occasions, alcohol should be consumed in moderation. Employees are absolutely prohibited from driving after consuming alcohol if they are "under the influence" as defined in motor vehicle laws. Use good judgment in making this decision. Arrange other transportation.

"Drugs" refers to all controlled substances and medication containing controlled substances, including "designer drugs" not approved for use by the U.S. Food and Drug Administration. "Drugs" also applies to prescription medication. Employee use of prescribed medication is allowed unless such use impairs the safety of themselves and/or others.

Employees who engage in any prohibited conduct will be subject to discipline, including discharge.

REASONABLE SUSPICION TESTING

Employees may be required to immediately submit to alcohol and/or drug testing whenever the Company has reasonable suspicion that the employee has been using drugs or alcohol before reporting to work or returning from breaks.

Employees who are required to submit to reasonable suspicion testing are prohibited from transporting themselves to the collection site. A supervisor or management employee will provide transportation.

Searches

When the Company believes, there is reasonable suspicion that an employee is in possession of drugs or alcohol or of unethical behavior on Company premises, as described above, or during working time, all personal items such as packages, bags, lunch boxes or other items being carried on or removed from Company property are subject to search. This right to search includes searches of personal vehicles parked in Company parking lots and adjacent areas. Likewise, all Company property, including, but not limited to desks, equipment, vehicles, etc., will remain the property of the Company and will be subject to search at the Company's discretion.

No employee or other person will be forcibly searched or detained. Efforts will be made to respect reasonable integrity and privacy.

All illegal drugs or drug paraphernalia found in or on Company property will be released to a law enforcement agency.

Harassment Policy (Sexual and other varieties)

It is also our policy that all employees have a right to work in an environment where the dignity of everyone is respected. For that reason, we expect all employees to accomplish XYZ TAN work in a friendly but business-like manner with concern for the well-being of XYZ TAN co-workers. Any harassment of employees by fellow employees is not permitted, regardless of XYZ TAN working relationship or supervisory status.

Specifically forbidden is harassment of a sexual, racial, ethnic, religious or disability related nature. This includes unwelcome sexual advances; innuendos; unwelcome touching; inappropriate jokes; sexually explicit posters; and other verbal, graphic or physical conduct of a sexual nature which has the purpose or effect of creating an offensive work environment. It also includes racial slurs; ethnic jokes; derogatory comments or gestures about a person's physical or mental limitations and other verbal, graphic, physical or other conduct of a racial, religious, ethnic or disability related nature which creates an offensive work environment.

Although many people think of sexual harassment as involving a male boss and a female employee, not all sexual harassment is done by males. Sexual harassment often involves co-workers, other employees of the company or other persons doing business with or for the company such as outside vendors or customers. (Defined as 3rd party sexual harassment). It's against the law for females to sexually harass males or other females, and for males to harass other males or females.

1. Verbal harassment - epithets, derogatory comments or slurs. Example: Name-calling, belittling, sexually explicit or degrading words to describe an individual, sexually explicit jokes, comments about an employee's anatomy and/or dress, sexually-oriented noises or remarks, questions about a person's sexual practices, use of patronizing terms or remarks, verbal abuse and/or graphic verbal commentaries about the body.
2. Physical harassment - assault, impeding or blocking movement or any physical interference with normal work or movement, when directed at an individual. Examples: Touching, pinching, patting, grabbing, brushing against or poking another employee's body; hazing or initiation that involves a sexual component; requiring an employee to wear sexually suggestive clothing.
3. Visual harassment - derogatory posters, cartoons, or drawings. Examples: Displaying sexual pictures, writings or objects, obscene letters or invitations staring at an employee's anatomy, leering, sexually oriented gestures, mooning, unwanted love letters or notes.
4. Sexual favors - unwanted sexual advances which condition an employment benefit upon an exchange of sexual favors. Examples: continued requests for dates, any threat of demotion, termination, etc., if requested sexual favors are not given, making or threatening reprisals after a negative response to sexual advances, propositioning an individual.

It is impossible to define every action or all words that could be interpreted as sexual harassment. The examples listed above with the state definition of sexual harassment are not meant to be a complete list of objectionable behaviors.

IF SEXUAL HARASSMENT OCCURS

1. When possible, confront the harasser and attempt to persuade him/her to stop. The harasser may not realize the advances or behaviors are offensive. When it is appropriate and sensible, an employee may want to tell the harasser the behaviors or advances are unwelcome and must stop. Sometimes a simple confrontation will end the situation.

2. To report sexual harassment, employees should contact XYZTAN supervisor or a member of the senior management team. Sexual harassment or retaliation should be reported in writing or verbally. An employee may report such activities even though they were not the target of the harassment.
3. An investigation will be conducted and appropriate action taken. The company will investigate, in confidence, all reported incidents of sexual harassment and retaliation. The company will make every effort to maintain the confidence of all such investigations but cannot guarantee such confidence as it cannot guarantee the discretion on all participants. Investigations include a written statement (signed and dated) from the alleged victim, witnesses and preparator where possible. Also, the investigating management employee should conduct an interview of all the parties to attempt to validate the written statements.
4. Upon the completion of an investigation, senior management will decide on the validity of all statements and decide as to the guilt or innocence of the alleged perpetrator and any appropriate disciplinary action to take. Appropriate actions can vary from warnings up to terminations of a guilty employee. Much of what is done depends on several factors such as the degree of infraction, and the history of similar behaviors. It is not mandated by law that a guilty employee be terminated but that decision must be weighed against the commitments of cessation of the harassing actions and the comfort of the victim in their future employment with the perpetrator's continued employment. If it is decided that the allegations are not with warrant it may be appropriate to issue a warning against the alleged victim.
5. In all cases the investigation's outcome should be documented with statements and investigation conclusions.
6. Third Party sexual harassment is usually caused by interactions between salon employees and customers. Like any other definition of sexual harassment, employees are not to be subjected to customer or vendor inappropriate behaviors. If an investigation proves inappropriate behaviors on the part of a customer it is prudent to exclude the customer from any further access to company facilities or services. They should be notified by email or phone that they have lost their salon privileges and refund any current month's tanning costs. (It is not worth it to the salon owner to continue to do business with a harassing customer or vendor regardless of how much money they spend on tanning. The protection and security of salon workers is much more important!) Customers guilty of harassment should be restricted from the salon premises and if they do not honor that demand, the salon is within its legal rights to notify the authorities. Salon owners and managers have the right to exclude troublesome customers or vendors from the salon which is legally private property.

SEXUAL HARASSMENT CAN BE COSTLY

If an employee is found guilty of sexual harassment, they may be personally liable for monetary damages. The Company will not pay damages assessed personally against an individual. In addition, this company will take disciplinary action - termination is one possible action - against any employee who engages in harassment - sexual or otherwise.

All employees, by signature on this acknowledgment form, agree that they have reviewed this policy on harassment and understand the various definitions of harassment and know how to report such an issue. Their signature also acknowledges that they agree and understand the possible consequences of either falsely reporting harassment as well as the penalties including possible termination of an employee guilty of harassment.

Ethical Practices & Dishonesty

XYZTAN conducts its business affairs in compliance with applicable laws and regulations. We expect all employees to strictly comply with this standard and to refrain from engaging in activities which are unlawful or may bring discredit to the Company. In the event an employee feels that any member of our staff is engaging in unlawful business activities, theft, harassment or any form of inappropriate behavior during salon shifts or company functions, we encourage them to immediately report XYZTAN concerns to any member of the management team. We respect the right of our employees to raise such matters and will address any concerns reported.

Confidential & Proprietary Information

In your work, you may have access to confidential information. Confidential information includes all information acquired by an employee during the course of employment which is of economic value to the Company and not generally available to the public. Customer lists, financial data, pricing and payroll information, customer files and information (see "Video Privacy Protection Act"), promotions and company development plans are typical examples of information that we consider confidential. Since many times it is difficult to distinguish between common and confidential information, the best rule to follow is not to discuss business information with persons outside the Company unless you have received prior approval from a member of the management team.

All information acquired by an employee during employment is to be used solely for the benefit of the Company, our customers and employee development. The use of such information for personal advantage or disclosure to others is strictly prohibited.

Likewise, marketing concepts, written material, computer lists and other material developed by our employees are the property of XYZ TAN. Employees may not take this material with them when they leave our employment, remove it from our salons for non-work related reasons, copy or distribute it to persons or companies, other than as required in the course of business, without written approval from a management team member.

Personnel & Payroll Records

It is important that your personnel records be kept up to date. Be sure to notify your manager of any change in your address or phone number, person to be notified in case of accident, legal name, marital status, number of income tax exemptions, military service status, etc. when such changes occur. Also remember that your personal compensation or wage rate is strictly private and is not to be discussed with any other employee except your immediate supervisor. Violation of this policy will be grounds for disciplinary action up to and including the possibility of termination.

Non-Compete/Non-Disclosure

All XYZ TAN employees agree as a condition of employment that they will not seek or accept employment of a competitor while employed at XYZ TAN, or for a period of one year after termination from XYZ TAN. In addition, all XYZ TAN employees agree to not disclose any confidential company information that could be construed as damaging to the company's business.

Employment Handbook

Acknowledgment of Receipt

I acknowledge that I have received a copy of the Employee Benefit Handbook of XYZ TAN which is effective _____, and I am covered by this Handbook.

I understand that the Company reserves all rights necessary to the efficient and orderly management of its business. The Handbook is intended to be a guideline to its practices, not a contract. It may become necessary for the Company to change this Handbook and its policies from time to time as it deems necessary for the management of its business.

I have carefully read and understand the policies and rules outlined in this Handbook. I recognize my employment and compensation can be terminated with or without notice, at any time, at the discretion of either the Company or myself.

I also understand that no one other than executive management has any authority to enter into any agreement for employment for any specified period, to assure me of any future position, benefits, or terms or conditions of employment, or to make any promises contrary or in addition to this Handbook. Any past or future promises contrary or in any way different from this Handbook, including my right and the right of the Company to terminate our relationship at our individual discretion must be in writing, signed and dated by a member of the executive management group and me.

In addition, I authorize XYZ TAN Incorporated (XYZ TAN) to deduct from my wages at any time (including a final check upon termination of employment) any balances I owe to the company for employee purchases or XYZ TAN property not returned.

Employee Signature

Date

Employee's Name (Print Name)