

Sangster's is totally committed to providing value-added service to its customers and believes that the regular attendance and punctuality of all employees is required to fulfill that commitment and maintain the efficient operations of its locations. Excessive absenteeism or repeated tardiness will not be permitted and shall be cause for termination or other disciplinary action.

PROCEDURES:

1. Reporting Lateness or Absence

- a. It is the responsibility of all employees who work at **Sangster's** to notify their immediate supervisors no later than three (3) hours before the beginning of their scheduled starting time if they will be absent from work or late for any reason.
- b. In cases of absences exceeding one (1) day, employees are asked to notify their Manager/Franchisee on a daily basis for every scheduled workday missed.
- c. Employees who fail to contact their immediate supervisors to explain an absence three (3) consecutive scheduled work days will be considered as voluntarily resigning his or her job. This type of resignation is defined as a "failure to report to work."
- d. On the fourth (4th) day of such absence, a letter may be sent to the employee. This letter will notify the employee that he or she has been taken off the payroll as a Voluntary Resignation. A copy of the letter will be filed in the employee's records.
 - The letter requests that the employee come into the location to complete all necessary procedures, including the signing of a Voluntary Termination Form.
 - If any employee refuses to sign the notice of Voluntary Termination, this information will be documented and included in the employee's records. It is important that the events surrounding such a termination be thoroughly documented.

2. Excessive Tardiness

- a. Tardiness is defined as the failure of an employee to report to his or her work area within five (5) minutes of the scheduled work time.

- b. Excessive tardiness is cause for disciplinary action and/or termination.
- c. Excessive tardiness may be defined as being late on more than five (5) occasions in any ninety (90) day period.
- d. Employees who report to work late will be subject to progressive discipline procedures.
- e. Exempt employees, who are not considered management, will be required to adhere to the same standards as nonexempt employees. Violations of any individually set standards may result in disciplinary action including termination.
- f. Some tardiness cannot be controlled and is understandable and excused. Excessive tardiness will not be acceptable.

3. Excessive Absenteeism

- a. Excessive absenteeism may result in disciplinary action and/or termination.
- b. Excessive absenteeism may be defined as time off work (excluding pre-approved time off) in excess of three (3) occurrences in any sixty (60) day period of time.
- c. There may be exceptions to the excessive absenteeism guidelines, including emergencies or long-term illness/injury certified by a physician.
- d. Some absence cannot be controlled and is understandable and excused. Frequent absences are not acceptable.

4. Excused Absences

- a. There are categories of excused time off with and without pay. Prior approval must be obtained from one's immediate supervisor. The categories are listed below with details described within this Manual:
 - Funeral Leave
 - Leaves of Absence
 - Medical Appointments
 - Medical Leave
 - Illness and Injury
 - Jury Duty
 - Vacation

LETTER

Failure to Report to Work

(Date)

Name _____

Address _____

City, Prov., Postal _____

Dear _____:

The purpose of this letter is to notify you that effective _____, you have been removed from our payroll. (Date)

You failed to report to work or to contact our store with your reasons for this absence from _____ to _____. We therefore have no other alternative but to assume that you have voluntarily resigned your employment with **Sangster's**.

We do ask that you come into the store and return the following property to us, sign our termination forms and pick up your final pay cheque. Please notify us as to when you will be in so that we will have the time available to meet with you.

- Keys
- Employee Manuals
- Name Badge
- Other

Your final pay cheque will be in my office on the next scheduled pay period awaiting your arrival.

Sincerely,

Management

Mailed "Certified" Return Receipt Required

Sangster's has established and shall maintain a compensation policy that will reward qualified employees. **Sangster's** wage payment plan is competitive with those paid by other retailers and shall be administered in an equitable manner. This is being done in order to attract and retain the most capable employees, who will contribute to their own success by their contributions to **Sangster's**. To accomplish the basic intent of this policy, **Sangster's** has established the following base-salary-plus-commission compensation plan for its employees. This policy shall establish the incentive necessary to maintain and exceed the desired productivity levels. It is the policy of **Sangster's** to compensate all employees fairly and to reward employees based on individual job performance and productivity.

POLICY & PROCEDURES:

- a. A number of factors enter into the determination of the starting base salary for each employee. These include prior experience, previous training, internal equity and the prevailing compensation trends outside the company.
- b. The determination of subsequent base salary or wage adjustments depends on factors such as job responsibilities, quality and quantity of work, general performance of assigned tasks and each employee's current salary position in relation to the salary range maximum and company profitability.
- d. As a means of special incentive for increasing employee productivity, a commission equal to (5%) of net sales above the predetermined amount may be earned by each employee.

Example: The stores sales last year were \$30,000 and this year's goal is \$32,000.

Employee "A" works 50% of the time and is responsible for \$16,000 in sales,
Employee "B" works 30% of the time and is responsible for \$9,600 in sales,
Employee "C" works 20% of the time and is responsible for \$6,400 in sales;
collectively adding up to the goal of \$32,000.

The store finished the month with sales of \$34,000.

Employee "A" had sales of \$18,000 and is entitled to a bonus of \$100
(\$2,000 increase x 5% = \$100),

Employee "B" had sales of \$7,000 and is not entitled to a bonus, and
Employee "C" had sales of \$9,000 and is entitled to a bonus of \$150 (\$3,000
increase x 5% = \$150).

- e. Base pay or "draw" shall be issued on the 15th and the last day of the month.
- f. Commissions earned for the month shall be paid out on the last day of the following month.

In accordance with the law, all employees are entitled and encouraged to take meal and/or rest periods at the times scheduled by their Manager/Franchisee. **Sangster's** is strongly committed to providing its employees with opportunities to relax and rest periodically during the day.

PROCEDURES:

1. General Policy

- a. Non-compensable meal periods of at least 30 minutes are provided for all regular full-time nonexempt employees and shall be taken not more than five (5) hours after the start of their workday.
- b. Full-time nonexempt employees may be provided with a ten (10) minute rest period during each continuous four-hour period if not working alone.
- c. Rest periods may not be combined with or added to an employee's meal period unless special circumstances justify the manager's approval.
- d. Part-time employees working a schedule of three (3) and one-half (0.5) hours or less per day shall not be provided with a rest period.
- f. **Sangster's** requests that all rest breaks be taken at the slowest periods of the day.

2. Designated Meal and Break Areas

- a. Employees are free to leave the location or to use the designated back room (if available) for their rest breaks and their meal periods provided they are not working alone.
- b. Employees may not consume food or beverages while performing their work tasks or on the sales floor or at the cash counter.

It shall be the policy of **Sangster's** to pay hourly and nonexempt employees at the rate proposed by Provincial law for all time actually worked in excess of forty (40) hours per week. **Sangster's** expects there will be occasions, due to peak holiday seasons and the taking of semiannual inventories, that scheduled overtime may be required. **Sangster's** will distribute overtime as fairly as possible among all employees.

PROCEDURES:

- a. Overtime shall be defined as any scheduled work in excess of forty (40) hours per week.
- b. All overtime hours require the prior approval of each employee's immediate supervisor.
- c. **Sangster's** expects its employees to work overtime when necessary. It cannot be considered an option. When the Manager/Franchisee requests employees to work overtime, those employees are expected to make the necessary arrangements to satisfy those requests.
- d. The overtime rate shall be paid as defined by Provincial law.
- e. **Sangster's** normally schedules its retail store employees to work Saturdays and/or Sundays. Saturdays & Sundays shall be considered normal days worked.
- f. **Sangster's** recognizes the following as statutory holidays:
 - New Year's Day – National
 - Good Friday – National except QC
 - Canada Day - National
 - Labor Day – National
 - Victoria Day – National except NS, NB, NL
 - Thanksgiving – National except – NB, NS, NL
 - Remembrance – National except – NB, ON, QC, NS
 - Christmas Day - National

Any employees scheduled to work on any of the above mentioned as well as those Provincial holidays not mentioned shall be paid as per their Provincial laws for all authorized time actually worked on each holiday.

- g. Employees are required to record and report all incidents of overtime hours worked at the time such additional hours are worked.

It is the policy of **Sangster's** to provide a sound and reliable payroll distribution process. To ensure that all of **Sangster's** employees receive their wages in a timely, efficient and accurate manner **Sangster's** requests the following procedures be understood and used:

PROCEDURES:

- a. All payroll-related questions should be directed to the payroll department/Franchisee.
- b. Pay periods for regular full-time and regular part-time non-exempt employees begin at 12:01am and run from either the 1st – 15th and 16th - last day of the month -OR- the 10th - 23rd and 24th - 9th of each month.
- c. Pay cheques are either, a manual cheque or they are automatically deposited directly into the employees requested bank account and cheque stubs are available at the employee's place of work, during the store's normal working hours or available on-line.
- d. Employees requesting that their wages be automatically deposited in their bank accounts shall receive a pay stub that these funds were directly deposited in their accounts.
- e. Any employee who discovers a mistake in his or her pay cheque should **immediately** bring the mistake to the attention of his or her Manager/Franchisee.
- f. If the "mistake" is legitimate, the correction shall be submitted in writing with the payroll input sheets at the end of the next pay period. All corrections will be reflected in the subsequent pay cheque.
- g. Should a payday fall on a holiday when **Sangster's** authorizes the store to be closed, e.g. Christmas Day, employees will be paid on the last workday prior to that holiday.
- h. If any employee wishes to have someone else obtain their pay cheque, he or she must provide prior written consent to the Manager/Franchisee prior to the time the pay cheques are issued (see example on the following page.)

**Section 4: Attendance & Pay
Pay Periods and Pay Cheques**

Policy No. 4.05

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PERMISSION SLIP

I, _____, give permission to
(Your Name)

_____ to pick up my
(Individual's Name)

Pay cheque/paystub on _____.
(Date)

Signed: _____

Dated: _____

Sangster's is required by law to deduct Federal and Provincial Withholding Taxes (income taxes), Social Security Taxes, and any deductions so ordered by provincial/federal law or the courts from your pay cheque.

PROCEDURES:

1. Mandatory Deductions

- a. *Unemployment Taxes.* The Federal Government requires matching contributions from each employee and **Sangster's**, which are deposited to the federal government. In the event an employee changes his or her name, it is of the utmost importance that this fact be reported immediately to the nearest Unemployment Office and to **Sangster's** Payroll. Records cannot be changed until the changes have been verified and recorded.
- b. *Withholding Taxes.* Deductions for Federal and Provincial Income tax are withheld from every employee's earnings in accordance with legal requirements. If the number of dependents changes the employee should report it to their Franchisee/Payroll department.

2. Voluntary Deductions

- a. Any deductions from an employee's pay cheque, other than for local, provincial or federal requirements, must be requested and approved by the employee in writing (except for garnishments, attachments, etc.).
- b. Requested deductions may include insurance premiums or other payments for special benefits or programs.

3. Garnishments, Attachments and Judgments

- a. Normally **Sangster's** does not become involved with outside organizations in the collection of personal debts from employees.
- b. Under certain legal procedures, such as garnishments and levies, **Sangster's** may be required to withhold specified amounts of an employee's earnings.
- c. Notices from the court should be provided to **Sangster's**.
- d. Once the court ordered action has been satisfied, the legal documents will be taken out of the employee's personnel file.
- e. No employee shall be terminated by reason of the fact that earnings have been subjected to garnishment for any single debt.
- f. Employees who receive repeated garnishments shall be interviewed by management to determine to what extent these outside problems may affect the employee's ability to fulfill his or her job responsibilities.
- g. All employees will be subject to reimbursing all **Sangster's** administrative processing costs in connection with the garnishments.

Sangster's expects each and every employee to complete his or her own time sheet record when applicable. This accounting shall be the official record from which payroll will be computed.

PROCEDURES:

1. Payroll Period

- a. **Sangster's** payroll periods are from either the first (1st) to the fifteenth (15th) and the sixteenth (16th) to the last day of the month -OR- the twenty-fourth (24th) to the ninth (9th), and the tenth (10th) to the twenty-third (23rd) day of each month.
- b. All payroll records are to be prepared and promptly submitted to the Manager/Franchisee when due.

2. Recording Time Worked - Non-Exempt Employees

- a. Non-exempt employees are expected to record the time they work and take breaks from their work during each workday.
- b. Non-exempt employees in some locations may use time sheets.
 - Non-exempt employees are responsible for signing in at the beginning of each workday, signing out before their lunch breaks or before leaving the location for other than their normal rest breaks, sign back in after lunch or after returning to the location and signing out at the end of the work day or shift.
 - Managers or Assistant Managers shall also record their time worked, breaks and overtime.
- c. Non-exempt or other unauthorized employees who sign in or out for other employees may be subject to disciplinary action, including termination.
- d. Employees falsifying information on any time card or sheet may be subject to disciplinary action, including termination.

- e. Employees must receive prior approval before working overtime hours.
- f. All payroll records are to be prepared promptly and will minimally contain the following information in ink.
 - Employee name and identification number
 - Payroll period date
 - Date and hours worked
 - Dates and hours of leaves and/or absences
 - Total payroll period hours worked
 - Date and signature of the employee

3. Recording Time Worked - Exempt Employees

- a. Exempt non-management employees of Sangster's are responsible for recording the time they work and take off work.
- b. Management employees will also record hours worked
- c. Exempt and management employees falsifying or not fully completing their payroll records may be subject to disciplinary action or termination.

4. Payroll Record Errors

- a. All supervisors shall check the accuracy of all recorded entries prior to signing their approval.
- b. Legitimate payroll record errors found on an employee's time card/sheet after submission by the person completing the record will be adjusted on the next payroll record with an explanation of the error.
- c. If an employee believes a conflict of interest may arise by virtue of outside business or work activities, please discuss them with your Franchisee/Manager.

When any employees of **Sangster's** are requested to travel on company business, **Sangster's** shall provide, when applicable, such items as transportation, lodging, meals and telephone (providing it is business related) under the following conditions:

PROCEDURES:

- a. **Sangster's** wants its employees to live comfortably and normally while conducting business. However, it is requested that **Sangster's** money be spent with care and discretion.
- b. *Air Travel.* As a general rule, all travel for all flights within Canada and the United States shall be Economy Class.
- c. *Rooms.* In order to obtain the most economical room rates, employees shall use hotels designated by **Sangster's**.
- d. *Meals.* Employees shall purchase meals as needed. Payment will come from the employee, and be reimbursed by **Sangster's**. Meals shall be purchased with the same discretion as if it were their own money. Tips are reimbursed to a maximum of 15% of the bill.
- e. No receipt = No reimbursement. All employees must retain and submit original receipts and a completed expense report within five (5) days of returning to work to receive reimbursement of expenses. A sample of this expense report follows.
- f. Employees who use their personal vehicles for any travel outside of their normal work location shall refer to Section 4.11 of this Manual and be bound by its conditions.
- g. Personal expenses connected to cocktails, movies, newspapers, magazines or haircuts shall not be reimbursed.
- h. If any of **Sangster's** Travel Policies and Procedures are abused or falsified, disciplinary action shall be taken including suspension or termination.

Section 4: Attendance & Pay
Reimbursement of Expenses

Policy No. 4.08

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TRAVEL AND EXPENSE REIMBURSEMENT REPORT

Submitted By: _____ Date: _____ Location: _____

Date	Description	Stat. & Supp.	Meals & Ent.	Fuel	Travel	GST	Total

Attach original receipts for all items listed. Comments:

Approved: _____ Paid: _____ Cheque #: _____

Sangster's believes that to ensure outstanding customer service and appropriate floor coverage during all of the hours the store is open, all employees must adhere to the published work schedules. Late arrivals, early departures and other personal absences are considered to be disruptive and may damage the ongoing operations and shall be avoided.

PROCEDURES:

1. General Policies

- a. Employee work schedules shall be posted in a designated area of the store.
- b. Managers/Franchisees shall make every attempt to schedule hours for the entire month, when possible.
- c. Employees are expected to check the schedule routinely to confirm and verify when they are scheduled to work.
- d. **Sangster's** develops its work schedules to reflect the needs of its customers. For this reason, **Sangster's** expects all employees to adhere to their working schedules.
- e. Employees are expected to be on the job each day that they are scheduled to work.
- f. Employees who cannot satisfy the hours they are scheduled to work are expected to contact their Manager/Franchisees as far in advance as possible of the scheduled time.
- g. Changes in schedules may occur due to special events, promotions, holiday hours, peak seasons and so on. Employees will be notified of any schedule changes.

2. General Hours of Work

- a. Regular full-time employees shall be scheduled to work up to eight (8) hour intervals, excepting unpaid meal periods, sometime between the hours of 9:00 AM and 9:00 PM.
- b. Regular part-time employees shall be scheduled to work from fifteen (15) to thirty-one (31) hours per week between the hours of 9:00 AM and 9:00 PM.
- c. Any other work shifts, days, hours or extended periods, shall be instituted and revised by **Sangster's** within the limits prescribed by law.

3. Scheduling of Job-Related Activities

- a. All employees are required to participate in the physical inventory of the store. Inventory is normally done semi-annually for example: January & July. Failure to participate in the taking of inventory without approval is a serious violation of company work policies.
- b. Attendance is required at all scheduled meetings. Time spent at meetings will be paid at the normal base salary.
- c. Employees who are requested to attend product knowledge and sales seminars are expected to attend. These employees are asked to record the hours they participate at these functions and shall be compensated at their normal base wage.

4. Work Schedule Exchanges

- a. Sangster's discourages the practice of exchanging workdays because of its possible disruptive effect on record keeping and on the efficiency of planning the operations.
- b. Employees who can provide legitimate reasons for wanting to exchange their work schedules should provide their Manager/Franchisee with all pertinent information
- c. Managers/Franchisees will consider all legitimate requests for work schedule exchanges and shall approve these exchanges under the following circumstances:
 - If the exchange will not disrupt or interfere with the daily operations.
 - If the exchange will not create overtime.
 - If another employee is agreeable to the exchange.

Sangster's shall make every attempt to avoid closing of its location because of inclement weather or similar situations. However, **Sangster's** recognizes that it may be forced to close its location because of hazardous situations that would include fire, storm, earthquake, flood, bomb threat or even civil disorder. If any such events occur, management will force an emergency closure of the location.

In the event any of these situations or other events that are perceived as hazardous occurs on or in the vicinity of **Sangster's** premises, employees are advised of the following policy:

PROCEDURES:

- a. Employees are asked to contact the police department serving their area to determine whether or not the location has been closed and/or when it will reopen.
- b. In the absence of information, it may be assumed that the location is open and every effort should be made to get to work, unless conditions are hazardous and pose a threat.
- c. If weather or other hazardous conditions are such that the location does not open for business or closes early, all employees will be paid for the hours actually worked.
- d. If the location does not close due to inclement weather, those employees who do not report to work, report to work late or leave work early will not be paid for the time they were absent.
- e. Employees who do not report to work as scheduled because of the inclement weather are expected to advise management in advance.
- f. All employees who are scheduled to come to work who have not yet arrived will be contacted by the Manager/Franchisee if the location is forced to close.

Occasionally, **Sangster's** will find it necessary to ask certain employees to attend training sessions, meetings or company sponsored events, or to provide customer-related services that will take them outside of their normal work location. If any employee chooses to use his or her own personal vehicle to attend or participate in any of these activities, the following policy shall be understood:

PROCEDURES:

- a. Using a personal automobile for company business is completely voluntary.
- b. It is not the policy of **Sangster's** to provide automobile insurance coverage for any of its employees who use their personal automobiles for business-related purposes.
- c. Employees who have reason to use their personal vehicles for company business are urged and are requested to consult their insurance agents for purposes of carrying minimum liability coverage (\$100,000/\$300,000 bodily injury and \$100,000 property damage) to ensure complete coverage and avoid the possibility of damages, which could result in a severe financial burden.
- d. All employees who have reason to use their personal vehicles for company business accept the responsibility of incurring the necessary expenses to ensure that their vehicles are in safe operating condition.
- e. Any employee who uses his or her personal vehicle for company business must have a valid Driver's License and proof of insurance.
- f. **Sangster's** will reimburse its employees at the rate of 0.46¢ per Km for kilometers traveled on company business.
- g. All out-of-pocket tolls, parking fees and extended garage charges incurred during travel at home or away from home shall be reimbursed upon receiving the original receipts.
- h. The reimbursed mileage expense is provided to cover gas, maintenance repair, insurance expenditures and all auto-related expenses incurred while traveling.
- i. **Sangster's** assumes no responsibility beyond mileage reimbursement. All employees are legally liable for any damage to their cars, and as such, shall carry the minimum insurance coverage required by law as indicated in (c) above.
- j. Employees shall be required to submit original receipts and an accurate accounting of all expenses within 5 (five) working days following the employee's return to work.

