



EMPLOYEE HANDBOOK

WELCOME MESSAGE

Dear Team Member,

I am very pleased to welcome you to L&R Distributors!

As you are about to learn, L&R Distributors, Inc. (“L&R Distributors”) is an exciting, growing, national corporation with a mission to provide the ultimate shopping experience to our customers. Every employee makes an important contribution to the overall success of the Company and we are thrilled to have you join the team. During your employment, I encourage you to contribute to and take advantage of the dedicated team efforts within our Company.

At L&R Distributors, our plan to drive future success places an emphasis on increasing the profitability of our Company and continuously working to improve the quality of our customer service and the products we offer. We work toward these goals while keeping in mind our corporate leadership principles. We know that this goal cannot be accomplished without driven individuals like you to help us achieve new levels of greatness. Therefore, we strive to provide an excellent working environment in which we can all take pride in.

This handbook is not a contract of employment, it is your resource to better understand our Company and provides an overview of our policies, procedures and benefits. We are dedicated to constantly refining internal communications and maintaining a focus on employee relations. We believe that by combining a challenging work environment with competitive compensation and benefits, you will be motivated to surpass your greatest expectations. By bringing you onboard, I am confident you will contribute enthusiastically to the success of the Company.

I am proud you have joined the team and extend to you a warm welcome! Sincerely,

CORE LEADERSHIP PRINCIPLES

L&R Distributors' core leadership principles define each of our team members and guide us to achieving our goal.

GRATEFUL

We always Go BIG – Begin In Gratitude.

We look at every person, opportunity and challenge through the eyes of gratitude. Being in gratitude creates the right environment and energy for optimal creativity and growth. We celebrate progress and learning – even those attempts that produce more and less than expected!

INTENTIONAL

We Do the RIGHT Thing, In the RIGHT Way, At the RIGHT Time, For the RIGHT Reason.

We design the Ultimate Shopping Experience for our customers' customers. We measure every activity, opportunity and decision against our stated objective. We vet every idea with an impact filter and create a strategy plan before we start a project.

CUSTOMER-CENTRIC

Passionate in Exceeding Customer Expectations.

We always take a genuine interest in our customers, delivering outstanding customer service. We continuously strive to learn, improve and share ideas with our customers.

PROACTIVE

I Got That!

We empower each team member to make decisions without waiting for directives. We take pride in successfully tackling challenges. We believe in the right to make mistakes, and in learning from them.

COLLEAGUE STRENGTHENED

The Ultimate Support System

We embrace others' ideas and opinions and are eager to cooperate proactively. We maintain an ongoing readiness to positively interact with team members. Our atmosphere is based upon trust, teamwork and mutual respect.

GOOD COMMUNICATORS

The Art of Communication is the Language of Leadership

We speak with direction and ask clarifying questions. We listen attentively, speak openly and clearly, honor commitments and regularly provide meaningful acknowledgement and appreciation.

RELENTLESS

Expect, Embrace and Reward Change

We seek to always innovate, solve, and correct immediately. To do that, we relentlessly challenge the status quo by asking, “What can we do faster? Better? Easier? Cheaper?”

AVID LEARNERS

A Great Learner Begins By Asking Questions

We always make our learning greater than the experience when we ask, “What did we do right? How can we do more of that?” And, “What would we do differently if we could repeat this experience?”

VIGOROUS

Challenge is the Road to Growth

We continually seek opportunities for L&R Distributors’ growth. We fight complacency with curiosity and vigorously challenging the status quo.

LOYAL

Loyalty is Not a Word, It’s a Lifestyle

We are loyal first and foremost to the Company. We know that each of our customers, vendors and team members are served better when we make decisions that are ultimately in the long-term best interest of L&R Distributors.



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- Appendix A: Employee and Representative Annual Compliance Certification Form
- Appendix B: Gifts and Hospitality Approval and Reporting Form
- Appendix C: Foreign Third Parties Pre-Approval Form
- Appendix D: Foreign Third Parties Due Diligence Questionnaire
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- Appendix F: Charitable Contributions Approval and Reporting Form

International Trade and Anti-Money Laundering Policy:

- Appendix A: Employee and Representative Annual Compliance Certification Form

IMPORTANT CORPORATE PHONE EXTENSIONS

Payroll Department: 800-275-9015 Ext. 2172
Human Resources: 800-275-9015 Ext. 2197



EMPLOYMENT RELATIONSHIP

HANDBOOK EFFECTIVE DATE

This Employee Handbook, dated March 8, 2021, supersedes any and all previous editions.

EMPLOYEE HANDBOOK DISCLAIMER

This Employee Handbook does not constitute or contain a contract or promise of employment, express or implied, for any specific duration. L&R Distributors, in its sole discretion, may modify, alter, delete, suspend, or discontinue any part or parts of the policies in this handbook at any time, with or without prior notice to employees. Unless otherwise specified, any such change to the Employee Handbook shall apply to existing, as well as, future employees.

No employee may rely on or otherwise interpret a statement or promise by a supervisor, manager, or department head as constituting a change in any policy within this handbook, nor will any such statement or promise constitute an agreement between the Company and an employee. Any change to a handbook policy will be communicated to all employees via ADP WorkforceNow, iNet or Adobe EchoSign.

STATE EMPLOYMENT LAWS

As a multi-state employer, there may be policies within this handbook that are superseded by applicable state or local laws. When this occurs, the state law will normally prevail and the Company will modify the policy to comply with the state regulation.

STATE SPECIFIC HANDBOOK ADDENDUM

If you have received a State Specific Handbook Addendum, any policies contained in the Addendum will supersede those policies contained in the Employee Handbook. There may be provisions in the Addendum that are superseded by applicable state laws. When this occurs, the state or local law will normally prevail and the Company will modify the Addendum to comply with the state regulation.

LOCATION SPECIFIC POLICIES and PROCEDURES

On some occasions there may be location specific policies and procedures that differ from those contained within this handbook, when this arises; management will advise you.

EMPLOYMENT AT WILL

Employment with L&R Distributors is on an at-will-basis. Either you or the Company may terminate the employment relationship at any time with or without good cause or notice.

THIS HANDBOOK IS NOT A CONTRACT. Your employment is not for any specific time and may be terminated at will with or without cause and without prior notice by the company, or you may resign for any reason at any time. No supervisor or other representative of the company (except the CEO) has the authority to enter into any agreement for employment for any specified period of time or to make any agreement contrary to the above. The procedures, practices, policies and benefits described here may be modified or discontinued from time to time. We will try to inform you of any changes as they occur.

Some subjects described in this handbook are covered in more detail in other policy documents (for example summary plan descriptions for benefits). Refer to those documents for specific information because the handbook only briefly summarizes those guidelines and benefits.

Please note that the terms of the written insurance policies are controlling and override any statements made in this or other documents.

INTRODUCTORY PERIOD

The first sixty (60) days of employment is considered an introductory period. This allows for adjustment to a new job and permits the employee to demonstrate his or her capabilities for fulfilling the job requirements.

The designation of this introductory period does not constitute an obligation on the part of the Company to retain the employee until the end of the introductory period or for any period of time. Both during and after the introductory period, employment with L&R Distributors is voluntary or “at-will” and, therefore, may be terminated by either party at any time, for any or no reason.

EMPLOYMENT APPLICATIONS

The Company relies upon the accuracy of information contained in the employment application as well as the accuracy of other data presented throughout the hiring process and employment. Any misrepresentations, falsifications, or material omissions in any of this information or data may result in termination of employment.

IMMIGRATION LAW COMPLIANCE AND EMPLOYMENT ELIGIBILITY

L&R Distributors is committed to employing only United States Citizens and foreign workers who are authorized to work in the United States and does not unlawfully discriminate on the basis of citizenship or national origin.

In compliance with the Immigration Reform and Control Act of 1986, an employee must complete a Department of Homeland Security’s I-9 Form on the first day of work. Each new employee, as a condition of employment, must complete the Form I-9 and present documentation establishing identity and employment eligibility within 72 hours of hire. If an individual cannot verify his/her right to work within three days of hire, the Company is required to terminate his/her employment.

It is the employee’s responsibility to notify L&R Distributors of any changes or updates to information used to verify employment eligibility including, but not limited to, any documents establishing identification, such as driver’s licenses, social security card and relevant immigration documents. However, it may be necessary for L&R Distributors to request re-verification of eligibility.

If an employee is authorized to work in this country for a limited period of time, the individual will be required to submit proof of renewed employment eligibility prior to expiration of that period to remain employed by the Company.

E-VERIFY

L&R Distributor’s will provide the Social Security Administration (SSA) and, if necessary, the Department of Homeland Security (DHS), with information from each new employee’s Form I-9 to confirm work authorization.

If the Government cannot confirm that you are authorized to work, the Company is required to give you written instructions and an opportunity to contact DHS and/or the SSA before taking adverse action against you, including terminating your employment.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

L&R Distributors is an Equal Opportunity Employer. This means we treat all employees and applicants fairly and without discrimination. The Company will not discriminate, nor permit its employees to discriminate, against a job applicant or employee because of national origin, race, ancestry, color, creed, religion or religious beliefs, sexual orientation, marital or familial status, sex, gender, gender identity or expression, status as a victim of domestic violence, public assistance status, age, citizenship, military veteran or service member status, pregnancy, disability, genetic information or any other legally-protected status under applicable federal, state, or local law, ordinance, or regulation.

We will recruit, select, hire, and promote candidates based upon their demonstrated job skill, knowledge, ability, education, and work-related qualifications. All employment-related decisions such as recruitment, wages, benefits, corrective action, promotion, demotion, training, layoff, recall or discharge will be conducted in an appropriate, non-discriminatory manner.

THE AMERICANS WITH DISABILITIES ACT (ADA & ADAAA)

In keeping with L&R Distributors' commitment to equal employment opportunity, the Company complies with the Americans with Disabilities Act (ADA) and Americans with Disabilities Act Amendment Act (ADAAA). L&R Distributors provides reasonable accommodations to assure that no otherwise qualified individual will be excluded from employment with the Company on the basis of a mental or physical disability.

Establishing Eligibility

An individual who has requested a reasonable accommodation must provide certain information to the Company from an appropriate health care professional. In general, the information provided must be sufficient to substantiate that the individual has a disability and requires a reasonable accommodation. The information provided must describe, among other things, the nature, severity and duration of the impairment; the activity or activities the impairment limits; the extent to which the impairment limits the individual's ability to perform the activity or activities; and, substantiate why the requested reasonable accommodation is needed. The cost of obtaining and providing this information to the Company is the responsibility of the employee.

If an employee provides incomplete or inadequate information to substantiate that he or she has a disability and/or needs the reasonable accommodation requested, the Company may, at its sole discretion, require the employee to provide the additional information at his or her expense.

The need for a reasonable accommodation may, and often does, change. Therefore, an employee who receives a reasonable accommodation may be required to establish his or her eligibility for an accommodation annually or more frequently as may be appropriate.

Employees can contact the Corporate Human Resource Department to request standardized forms to assist them with establishing eligibility for consideration of a reasonable accommodation.

Confidentiality

Confidential information obtained, reviewed and/or prepared in connection with a request for a reasonable accommodation will be maintained separately from the employees' other employment records. Information about such things as an individual's impairment, disability, medical condition and status, request for a reasonable accommodation and the Company's response to the request shall be maintained as confidential information. Confidential information shall not be disclosed to any individual except on a need to know basis.

Questions regarding the ADA and ADAAA and their interpretations can be directed to the Corporate Human Resources Department.

RELIGIOUS ACCOMMODATION POLICY

L&R Distributors is committed to assuring equal employment opportunity for persons who engage in religious observances or practices. To this end, it is the Company's policy to provide reasonable accommodation for religious observances or practices. The policy applies to all employment practices and actions. It includes, but is not limited to, recruitment, the job application process, examination and testing, hiring, training, disciplinary actions, rates of pay or other compensation, advancement, classification, transfer and reassignment, promotions, and other terms, condition or privileges of employment.

Consistent with this policy of nondiscrimination, the Company will make reasonable accommodation wherever necessary for all qualified employees or applicants seeking religious accommodation, provided that any accommodation made does not impose an undue hardship on the Company.

An employee must notify Human Resources of a need for an accommodation. Upon doing so, management may ask for input on the type of accommodation the employee believes may be necessary.

GENDER TRANSITION POLICY

This policy is intended to delineate workplace guidelines to address the needs and issues that arise in the workplace when a transgender person transitions on the job. These guidelines support L&R Distributors Workplace Harassment and Discrimination Prevention policies, which has recently been expanded to include gender identity and expression.

Change often creates anxiety around the unknown and as with all change, gender transitions affect many people – the individual transitioning, managers, peers, customers and even those with incidental affiliation such as working in the same location or practice area. These guidelines provide a starting point for building awareness and are to be used in conjunction with human resources consultation to ensure success on behalf of all parties involved.

L&R Distributors is a strong advocate of diversity and equal employment opportunities for qualified employees. Accordingly, mutual respect, fairness and equity must be defining characteristics of our workplace environment. By providing a work environment of respect, trust, collaboration and cooperation, the Company can provide superior service to our customers and create a workplace in which we can achieve the highest professional satisfaction.

SEXUAL HARASSMENT POLICY

Introduction

L&R Distributors is committed to maintaining a workplace free from sexual harassment. All employees are required to work in a manner that prevents sexual harassment in the workplace. Sexual harassment is against the law and all employees have a legal right to a workplace free from sexual harassment and employees are urged to report sexual harassment by filing a complaint internally with the Company.

Policy

1. The Company policy applies to all employees, applicants for employment, interns, whether paid or unpaid, contractors and persons conducting business, regardless of immigration status, with the Company. In the remainder of this document, the term “employees” refers to this collective group.
2. Sexual harassment will not be tolerated. Any employee or individual covered by this policy who engages in sexual harassment or retaliation will be subjected to disciplinary action, up to and including termination.
3. **Retaliation:** No person covered by this Policy shall be subject to adverse action because the employee reports an incident of sexual harassment, provides information, or otherwise assists in any investigation of a sexual harassment complaint. The Company will not tolerate such retaliation against anyone who, in good faith, reports or provides information about suspected sexual harassment. Any employee of L&R Distributors who retaliates against anyone involved in a sexual harassment investigation will be subjected to disciplinary action, up to and including termination. All employees, paid or unpaid interns, or non-employees working in the workplace who believe they have been subject to such retaliation should inform a supervisor, manager, or contact the Corporate Human Resources Department.
4. Sexual harassment is offensive, is a violation of our policies, is unlawful, and may subject the Company to liability for harm to targets of sexual harassment. Harassers may also be individually subject to liability. Employees of every level who engage in sexual harassment, including managers and supervisors who engage in sexual harassment or who allow such behavior to continue, will be subjected to disciplinary action, up to and including termination.
5. **Reporting:** The Company cannot prevent or remedy sexual harassment unless it knows about it. All employees are encouraged to report any harassment or behaviors that violate this policy to a supervisor, manager, or contact the Corporate Human Resources Department. Reports of sexual harassment may be made verbally or in writing.
6. **Investigation:** L&R Distributors will conduct a prompt and thorough investigation that ensures due process for all parties, whenever management receives a complaint about sexual harassment, or otherwise knows of possible sexual harassment occurring. The Company will keep the investigation confidential to the extent possible. Effective corrective action, up to and including termination, will be taken whenever sexual harassment is found to have occurred. All employees, including managers and supervisors, are required to cooperate with any internal investigation of sexual harassment.
7. Managers and supervisors are **required** to report any complaint that they receive, or any harassment that they observe or become aware of, to the Corporate Human Resources Department.

What Is “Sexual Harassment”?

Sexual harassment is a form of sex discrimination and is unlawful under federal, state, and (where applicable) local law. Sexual harassment includes harassment on the basis of sex, sexual orientation, self-identified or perceived sex, gender expression, gender identity and the status of being transgender.

Sexual harassment includes unwelcome conduct which is either of a sexual nature, or which is directed at an individual because of that individual’s sex when:

- Such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile or offensive work environment, even if the reporting individual is not the intended target of the sexual harassment;
- Such conduct is made either explicitly or implicitly a term or condition of employment; or
- Submission to or rejection of such conduct is used as the basis for employment decisions affecting an individual’s employment.

A sexually harassing **hostile work environment** includes, but is not limited to, words, signs, jokes, pranks, intimidation or physical violence which are of a sexual nature, or which are directed at an individual because of that individual’s sex. Sexual harassment also consists of any unwanted verbal or physical advances, sexually explicit derogatory statements or sexually discriminatory remarks made by someone which are offensive or objectionable to the recipient, which cause the recipient discomfort or humiliation, which interfere with the recipient’s job performance.

Sexual harassment also occurs when a person in authority tries to trade job benefits for sexual favors. This can include hiring, promotion, continued employment or any other terms, conditions or privileges of employment. This is also called “**quid pro quo**” harassment.

Any employee who feels harassed should report so that any violation of this policy can be corrected promptly. Any harassing conduct, even a single incident, can be addressed under this policy.

Examples of sexual harassment

The following describes some of the types of acts that may be unlawful sexual harassment and that are strictly prohibited:

Physical acts of a sexual nature, such as:

- Touching, pinching, patting, kissing, hugging, grabbing, brushing against another employee’s body or poking another employee’s body;
- Rape, sexual battery, molestation or attempts to commit these assaults.
- Unwanted sexual advances or propositions, such as:

- Requests for sexual favors accompanied by implied or overt threats concerning the target's job performance evaluation, a promotion or other job benefits or detriments;
- Subtle or obvious pressure for unwelcome sexual activities.
- Sexually oriented gestures, noises, remarks or jokes, or comments about a person's sexuality or sexual experience, which create a hostile work environment.
- Sex stereotyping occurs when conduct or personality traits are considered inappropriate simply because they may not conform to other people's ideas or perceptions about how individuals of a particular sex should act or look.
- Sexual or discriminatory displays or publications anywhere in the workplace, such as:
 - Displaying pictures, posters, calendars, graffiti, objects, promotional material, reading materials or other materials that are sexually demeaning or pornographic. This includes such sexual displays on workplace computers or cell phones and sharing such displays while in the workplace.
 - Hostile actions taken against an individual because of that individual's sex, sexual orientation, gender identity and the status of being transgender, such as:
 - Interfering with, destroying or damaging a person's workstation, tools or equipment, or otherwise interfering with the individual's ability to perform the job.

Who can be a target of sexual harassment?

Sexual harassment can occur between any individuals, regardless of their sex or gender. The intent of this policy is to protect employees, paid or unpaid interns, and non-employees, including independent contractors, and those employed by companies contracting to provide services in the workplace. Harassers can be a superior, a subordinate, a coworker or anyone in the workplace including an independent contractor, contract worker, vendor, client, customer or visitor.

Where can sexual harassment occur?

Unlawful sexual harassment is not limited to the physical workplace itself. It can occur while employees are traveling for business or at employer sponsored events or parties. Calls, texts, emails, and social media usage by employees can constitute unlawful workplace harassment, even if they occur away from the workplace premises, on personal devices or during non-work hours.

Supervisory Responsibilities

All supervisors and managers who receive a complaint or information about suspected sexual harassment, observe what may be sexually harassing behavior or for any reason suspect that sexual harassment is occurring, **are required** to report such suspected sexual harassment to the Corporate Human Resources Department.

In addition to being subject to discipline if they engaged in sexually harassing conduct themselves, supervisors and managers will be subject to discipline for failing to report suspected sexual harassment or otherwise knowingly allowing sexual harassment to continue.

Supervisors and managers will also be subject to discipline, up to and including termination of employment, for engaging in any retaliation.

CODE OF CONDUCT

L&R Distributors is committed to observing all Federal and State laws while maintaining the highest ethical standards. This commitment is critical to our Company, our employees, and our customers, and has helped us achieve a reputation for quality, honesty and integrity.

To function effectively, every organization must develop policies and procedures to protect its employees and customers and to ensure that co-workers' and the Company's rights are respected. Our Company is no exception. Conduct which is disruptive, unproductive, immoral, unethical or illegal will not be tolerated.

L&R Distributors expects all employees to follow rules of conduct that will protect the interests and safety of all employees and the organization. It is not possible to list all the forms of behavior that are considered unacceptable in the workplace.

Violation of our code of conduct will lead to disciplinary action, which, based on the circumstances of the individual case, could result in corrective action up to and including termination. The following list is **not** intended to be all-inclusive, as there can be other reasons for disciplinary action:

- a. Insubordination
- b. Spreading rumors and or malicious gossip
- c. Unauthorized use, possession or distribution of intoxicants or drugs on Company premises; or, reporting to work while under the influence of intoxicants or drugs
- d. Fighting or threatening bodily harm to co-workers, customers, or vendors
- e. Failure to treat all employees with dignity and respect
- f. Willful or careless destruction or damage to property of the Company, another employee or vendor
- g. Harassing co-workers or customers; or, disrupting the work environment
- h. Unauthorized use or taking of the Company's property or any other person's property
- i. Dishonesty
- j. Carrying or possessing weapons of any kind on Company property
- k. Disregarding or violating Company policies or procedures
- l. Failure to accept job assignments or the refusal to obey legitimate orders of a supervisor or authorized individual
- m. Horseplay; or violation of safety rules

- n. Falsifying reports or Company records
- o. Carelessness or unsafe behavior that results in injury to other employees, or yourself, or damage to Company or employee property
- p. Inefficiency or lack of effort on the job; failure to change or improve inappropriate behavior or performance
- q. Walking off the job
- r. Unauthorized absence from work area, being in an unauthorized area or loitering
- s. Unnecessary and/or excessive conversation
- t. Failure to work compulsory overtime hours
- u. Sleeping on the job
- v. Excessive absenteeism or tardiness; or unexcused absence or tardiness
- w. Smoking in "No Smoking" areas
- x. Any type of behavior that brings discredit to the Company or other employees
- y. Any type of behavior which is detrimental to team unity and workplace morale
- z. Derogatory communications with management, co-workers, vendors or customers
- aa. Failure to return to work as scheduled at the end of an authorized leave of absence.

The Company may consider an employee's job performance, any prior violation(s) of work rules, and other relevant circumstances in determining what disciplinary actions to take. It is up to the employee's manager to decide whether corrective action, up to and including termination, is appropriate.

EMPLOYEE RELATIONS POLICY:

L&R Distributors' Employee Relations philosophy promotes a positive and collaborative work environment by providing leadership and support to all employees while remaining committed to cultivating a cohesive, effective and high performing work environment. When employee concerns arise, the company believes strongly that all concerns are handled fairly and whenever possible, resolved quickly. Issues that should be addressed through this policy include allegations of any form of harassment, discrimination, verbal or physical abuse, drug or controlled substance issues, safety and health concerns, compensation and benefits matters, and any other violation of policies and procedures contained in this Employee Handbook.

PROCEDURE:

Issue with a Co-Worker

If you have a concern involving a co-worker, you are encouraged, but not obligated, to speak openly and professionally to the co-worker to resolve the problem. If you are unsuccessful at this level or are uncomfortable approaching your co-worker directly, you should discuss the issue with your immediate manager unless you are uncomfortable doing so. If you are not comfortable bringing your concern to your manager, you are encouraged to bring the issue directly to the next level manager or a Human Resources

representative.

Issue with a Policy, Process or On-site Non-Employee Third Parties

If you have a concern involving a policy, process or on-site non-employee (vendor, visitor, member, contract worker), you are encouraged, but not obligated, to bring the issue immediately to your manager for investigation. If you are not comfortable bringing your concern to your manager, you are encouraged to bring the issue directly to the next level manager or a Human Resources representative.

Issue with a Manager

If you have a work-related concern involving a manager, you are encouraged, but not obligated, to speak openly and professionally to the manager to resolve the problem. If you are uncomfortable addressing the issue with your manager, you are encouraged to bring the issue to a Human Resources representative.

Comments

Management will make every effort to ensure that the issues remain confidential and to investigate and resolve the issues expeditiously. Any internal investigation will involve only those individuals who are believed to have information relevant to the investigation process. Anyone found to have breached the confidentiality or retaliation provisions of this program will be subject to disciplinary action, up to and including termination. Also, any employee that is found to have misused this process by knowingly making false allegations will be subject to disciplinary action, up to and including termination.

This Employee Relations Policy does not alter the Employment at Will policy as outlined on page 2 of this handbook.

PROGRESSIVE DISCIPLINE

Employment with the Company is at-will. However, the Company may administer progressive discipline to address incidents that result from unacceptable behavior, poor performance or violation of the Company's policies, practices or procedures. Discipline may also be issued for any type of conduct that falls outside of those areas.

Equally important, every situation will be assessed individually, therefore the Company may, at its sole discretion, bypass the progressive discipline process and take immediate disciplinary measures up to, and including, termination of employment.

It is important to note that the Company is committed to ensuring that all employees are treated fairly and in making certain that disciplinary actions are prompt, and impartial. Except for serious infractions that warrant immediate termination, the purpose of all disciplinary actions, including the progressive discipline process, is to correct the problem, prevent recurrence, and prepare the employee to work in a manner that meets or exceeds Company expectations.

GUIDELINES (Optional)

If implemented, the Company's progressive discipline process may be administered as follows.

Formal Verbal Warning

A formal verbal warning occurs when an employee begins to show a pattern of unsatisfactory performance, improper behavior, a rule has been violated or there is any other issue requiring attention.

Written Warning(s)

If there has been insufficient improvement or change, the next step in the process will be a written warning. All written warnings will be placed in the employees' personnel file.

Depending on the specifics of the infraction, an employee may receive one written warning or multiple written warnings.

Termination

It is unfortunate when this step becomes necessary, however if the other steps of the progressive discipline process fail to correct the issue, termination will be necessary.

Multiple Infractions

Progressive discipline may advance to the next step in the process, even when the conduct that leads to taking such action is not the same that resulted in issuing the original written warning. For example, an employee that received a written warning for poor attendance and later has an issue with their work performance, may have their existing warning for poor attendance, advanced to the next level of discipline due to the performance issue.

The Company may instead, elect to treat the performance issue as a separate infraction and will base the decision on many factors, to include the severity of the infractions, progress made with original infraction, length of time between them, etc.

PERFORMANCE APPRAISALS

Employee performance will be formally evaluated and discussed with the employee's supervisor on an annual basis.

The employee will receive a copy of the performance appraisal and will have an opportunity to discuss it with his or her supervisor.

OUTSIDE WORK / CONFLICT OF INTEREST POLICY

In order for the Company to continue to provide the best service to our customers, we expect the full attention and efforts of our talented employees. This focus on shared values, purpose and vision demands that employees with outside employment are devoting their full efforts, energy, thought and time to the business of L&R Distributors.

The Outside Employment Policy prohibits any salesperson who is employed by L&R Distributors to accept other sales or in-store work from another Company.

It is a violation of policy for any salesperson that is an employee of L&R Distributors and receiving either a reimbursement for auto expenses, a form of gas allowance or benefits of any kind including vacation pay to perform sales or merchandising services for another Company. Sales or merchandising efforts in

any field that may compete with L&R Distributors, either in the type of stores, or the type of products sold is considered a conflict of interest and is strictly forbidden.

All salespeople must advise management of any outside employment opportunity prior to accepting the job; regardless of the type of position and Company it is with. This will allow time for a decision to be made on whether this employment would create a conflict of interest. If management decides that there is no conflict of interest, the salesperson may accept employment without violating Company policy.

Please note that any employee holding a job with another company must always demonstrate satisfactory performance in his or her job responsibilities with L&R Distributors. Therefore, it is wise to carefully consider the demands that additional work activity will create before accepting outside employment as it will not be considered an excuse for substandard job performance.

NON-DISCLOSURE

The protection of confidential business information and trade secrets is vital to the interest and the success of the Company. Such confidential information includes but is not limited to the following:

- *Compensation Data*
- *Customer/Vendor Lists*
- *Employee Data*
- *Financial Information*
- *Pending Projects and Proposals*
- *Research and Development Strategies*
- *Technological Information*
- *Sales Data*
- *Pricing Data*
- *Computer Passwords*

Any employee who discloses trade secrets or confidential business information in any manner other than through approved channels or with proper management authorization, will be subject to disciplinary action up to and including termination of employment, even if he or she does not actually benefit from the disclosed information.

COMMUNICATIONS and COMPUTER SYSTEMS

As an employee of L&R Distributors, access to computers and/or other technology will be provided to you as your job responsibility dictates. When you are using Company information systems, it is important that you adhere to applicable policies.

All communication services and equipment, including the messages transmitted or stored by them, are the sole property of the Company and may be opened, reviewed and/or retained by the Company in the normal course of business. Therefore, employees should not use a Company address (physical or electronic) to receive or send personal communications. Communication systems may not be used to solicit or recruit for any purpose. Any employee who chooses to use Company communication systems and equipment for personal reasons will be subject to discipline, up to and including termination.

LICENSED SOFTWARE

Employees are expected to follow all licensing provisions and copyright laws. Management is involved in maintaining employee compliance. Specific questions about our computer system may be directed to your Manager or the IT Department.

Software purchased by and licensed to the Company cannot be copied or downloaded to any other computer. We allow only approved licensed software on any computer in the Office or connected to the network. Employees cannot copy to or load software from user groups, electronic bulletin boards, friends or any other source on any network computer, unless management permission is received for a business purpose.

Each computer user is responsible for security therefore passwords are private and cannot be shared or revealed to anyone. Employees are also responsible for following all copyright regulations and are personally liable for any consequences of failure to comply.

SOCIAL MEDIA

L&R Distributors social media policy provides the Company's guidelines and principles for communicating online using existing and future social media technologies. L&R Distributors acknowledges the positive opportunities social media and networking can bring to the Company and also recognizes the potential liability and risks that can come with the use of such technology. Social media is about sharing and collaborating; however, statements published to social media by employees may negatively reflect on L&R Distributors. This policy does not prevent collaboration, sharing, or the constitutional right of freedom of speech, rather this policy is meant to reduce the Company's liability, while maintaining the integrity of our guiding principles and goals with regard to the personal and professional use of social media.

The social media policy applies to all employees with regard to the professional and personal use of multimedia, social networking websites, podcasts, blogs, wikis and all current and future forms of social media.

Post Disclaimers. If an employee identifies himself or herself as a Company employee or discusses matters related to the Company on a social media site, the site must include a disclaimer on the front page stating that it does not express the views of the Company and that the employee is expressing only his or her personal views. For example: *"The views expressed on this Website/Weblog are mine alone and do not necessarily reflect the views of my employer."* Place the disclaimer in a prominent position and repeat it for each posting expressing an opinion related to the Company or the Company's business. Employees must keep in mind that if they post information on a social media site that is in violation of Company policy and/or federal, state, or local law, the disclaimer will not shield them from disciplinary action.

Competition. Employees should not use social media to criticize the Company's competition and should not use it to compete with the Company.

Confidentiality. Do not identify or reference Company customers or vendors without express permission from management. Employees may write about their jobs in general but may not disclose any confidential or proprietary information. When in doubt of what constitutes confidential or proprietary information, ask your Manager before publishing.

New ideas. Please remember that new ideas related to work or the Company's business belong to the

Company. Do not post them on a social media site without the Company's permission.

Trademarks and copyrights. Do not use the Company's or others' trademarks on a social media site or reproduce the Company's or others' material without first obtaining permission from management.

Legal. Employees are expected to comply with all applicable laws, including but not limited to, Federal Trade Commission (FTC) guidelines, copyright, trademark, and harassment laws.

Discipline. Violations of this policy may result in discipline up to and including immediate termination of employment.

EMPLOYEE PRIVACY POLICY

L&R Distributors, Inc., together with its affiliates and related entities (together, "L&R Distributors," "we," "us," or "our"), is providing this Employee Privacy Policy, as L&R Distributors believes your privacy is important. We ask that you read this policy carefully.

This Privacy Policy describes how we collect, use, and disclose information from our employees, owners, directors, managers, and officers of L&R Distributors. The words "user," "employee," "you," and "your" shall refer to our employees, owners, directors, managers, or officers.

INFORMATION WE COLLECT

We collect information in connection with your working relationship with us.

Certain of the information we collect may be personal information, by which we mean information that identifies, relates to, describes, is reasonably capable of being associated with, or could reasonably be linked, directly or indirectly, with you or your household. Other information directly associated with personal information may also be considered personal information. Information that is aggregated, de-identified, or anonymized is not considered as personal information. Publicly available information that is made available from federal, state, or local government records, is also not considered personal information.

The information we collect varies depending on how you interact with us. In addition, we may receive this information directly from you, or we may obtain information about you automatically or from third parties. This information can include:

- Identification and contact information (for example, name, job title, work location, gender, home address, work and personal email addresses, work and personal telephone numbers, mobile phone number, Social Security Number, taxpayer or government identification number, driver's license number, date of birth/age, marital status, race or ethnic origin, veteran status, disability status, employee identification number, emergency contacts, dependent names);
- Residency, citizenship, or work permit status, visa number, military status, nationality, and passport information;

- Payroll information (for example, banking details, tax-related forms), and other banking or other financial information for reimbursements, or other payments, authorized by you, or on your behalf;
- Wage, salary, and benefit information;
- Paid Time Off (“PTO”) and requests for PTO, retirement accounts, pensions, insurance, and other benefits information (including from beneficiaries or dependents), whether through L&R Distributors or otherwise;
- Information collected from the hiring and termination processes (for example, interview information, CV or resume, cover letters, references, reference letters, background and credit checks, transcripts, pre-hire interactions, letters of reference, publicly available information in widely distributed media, including social media, letters of offer and acceptance dates of hire, start and end dates, resignation date and reasons);
- Skills, work experience (including at L&R Distributors and outside L&R Distributors), education, certificates, registrations, professional licenses, training, and language abilities;
- Performance-related information (including reviews, references, disciplinary procedure information, attendance records);
- Other information provided in forms as required for benefits, payroll, or human resources, in accordance with applicable laws;
- Clothing sizes for clothing provided to you in connection with company events;
- Physical limitations and special accommodations needed;
- Where permitted by law we may collect the results of credit and criminal background checks, the results of drug and alcohol testing, screening, health certifications, vehicle registration and driving history;
- Information required for us to comply with laws, including at the direction of law enforcement authorities or court orders;
- Acknowledgements relating to receipt of or agreement to L&R Distributors policies;
- Employee photo, video surveillance footage, other images or photographs, and key card use times and locations;
- Voicemails, e-mails, correspondence, documents, and other work product and communications created, stored or transmitted using our networks, applications, devices, computers, or communications equipment;
- Browsing or online use information;

- Location information based on IP addresses when accessing L&R Distributors data or systems. Although L&R Distributors does not have the technical ability at this time to track locations through GPS tracking technology, L&R Distributors may develop that capability in the future;
- Medical, health, and health-related testing information, as needed, and in accordance with applicable laws;
- User I.D., password, and any other credentials used to access L&R Distributors networks, applications, devices, computers, or communications equipment;
- Identification information for verification (for example, a copy of a state identification card);
- Investment-related information;
- Survey or feedback information (for example, if you fill out a survey, or provide feedback, we collect your responses);
- Other potentially personal information that you may provide to us for particular uses.

We reserve the right to monitor the use of our premises, equipment, devices, computers, network, applications, software, and similar assets and resources, primarily for security reasons. In the course of such monitoring, we may collect personal information about you. The use of the information will be in accordance with this Privacy Policy.

HOW WE USE INFORMATION WE COLLECT

We may use your information in accordance with this Privacy Policy to:

- Recruit you and complete the hiring process;
- Provide you with equipment, training, educational training, and support, and track compliance, as needed
- Administer, pay, provide, and manage benefits;
- Manage staffing resources, financial planning, corporate compliance, internal audits, and other administration;
- Manage your investments in us;
- Communicate with you, and facilitate communications between you and other individuals;
- Comply with legal obligations, including health and safety requirements, and requests for information from government agencies, and security investigations, or to assert or defend a legal claim;
- Pay you, including your salary and bonus, if any, reimbursements, and other expenses;
- Monitor and evaluate your performance;
- Track time and attendance;
- Recognize, reward, and develop you as an employee;

- Provide employment references, if requested by you or a potential employer;
- Administer our applications, software, and electronic systems;
- Improve employee satisfaction and performance;
- Process employee work-related claims (including workers' compensation);
- Provide the services you or others request;
- Complete the transactions you have requested;
- Provide you with work-related accounts, and manage your accounts;
- Respond to communications from you;
- Notify you about updates to our websites, business, or services;
- Measure and improve our business, services, and performance;
- Perform analyses on the data we have collected, such as market analyses, trends, and other research for statistical purposes;
- Process, provide, and administer surveys, events, and special promotions;
- Provide, administer, and utilize our social media pages and websites;
- Compare information and identification for accuracy and verify it, including for identification purposes;
- Assist you with obtaining an immigrant visa or work permit, or verify your eligibility to work in the United States, as needed;
- Anonymize or otherwise protect your data;
- Prevent potentially fraudulent, prohibited, or illegal activities;
- Manage access to our facilities, including for the health, safety, and security of our personnel and property;
- Maintain and protect the health of our personnel;
- Protect the safety and security of our employees, guests, property, and assets (including controlling and facilitating access to and monitoring activity on and in our premises and activity using our computers, devices, networks, communications, and other assets); and
- Generally manage all aspects of an employee's employment relationship with us, including but not limited to establishing, maintaining, and terminating employment relationships, general operations, and administrative, financial, and human resources related purposes.

We may disclose other purposes, or update this Privacy Policy, from time to time.

CATEGORIES OF THIRD PARTIES WITH WHOM WE SHARE INFORMATION

L&R Distributors does not sell your personal information to third parties, and will not sell your personal information to third parties. We may, at times, disclose personal information we collect to the following categories of third parties for the purposes identified above or with your consent:

- Our group of companies, affiliates, and related companies in accordance with this Privacy Policy;

- With third parties to manage aspects of your relationship with us and aspects of our business, and to effectuate the uses of personal information described in the How We Use Personal Information We Collect section above, including third party service providers who access information about you to perform services on our behalf (including for financial or security reasons);
- Third parties who may provide professional advice (for example, lawyers, bankers, accountants);
- With other persons with whom you have requested that we share information, in order to fulfill services you request;
- In connection with the carrying out of our business activities;
- In connection with any merger, sale of stock or assets, financing, acquisition, divestiture, or dissolution of all or a portion of our business;
- If we believe that disclosure is reasonably necessary: (a) to comply with any applicable law, regulation, legal process or governmental request; (b) to enforce our policies; (c) to protect our rights or property, or the security or integrity of our services; or (d) to protect us, users of our services or the public from harm or potentially prohibited or illegal activities.

When sharing information with third parties, we generally require and expect that they only use or disclose your personal information as necessary to effectuate the purpose and uses described.

SECURITY

We take reasonable precautions, including physical, electronic, and procedural safeguards, to protect your information. We make reasonable efforts to maintain security on our systems. Despite our efforts, we cannot guarantee that personal information may not be accessed, disclosed, or altered by breach of our safeguards. We urge you to take adequate precautions to protect your personal information.

CHANGES TO THIS PRIVACY POLICY

We may update this Privacy Policy periodically to account for changes in our collection and use of your personal information. If we make any changes to this Privacy Policy, we will provide notice of such changes, as appropriate. For example, we may send you an email notification, or we may post a new policy on L&R Distributors' intranet. For administrative changes, we may provide indication in our Privacy Policy by updating the "Last Updated" date at the top of this document.

COOPERATION and TEAMWORK

The company operates most effectively and is best able to carry out its responsibilities when employees cooperate with each other and function as a team. Teamwork will help employees increase their job performance and is one of the best ways of improving departmental efficiency and accomplishing Company goals. Teamwork requires cooperation, and it means that every employee's contribution is important. If you have suggestions for improving work procedures or for carrying out your responsibilities more efficiently, discuss them with your co-workers and your supervisor.

ECONOMIC, SOCIAL, and GOVERNANCE (ESG) POLICY

At L&R we care about a better tomorrow, today. This simple statement embodies what we do every day at L&R as we continuously strive for sustainable development that provides shared value and helps build

a brighter future. Consistent with this objective, all of our daily processes to provide our customers with premium wholesale distribution services include an integration of environmental, social, and governance (ESG) factors.

At the heart of every L&R employee is the continued commitment to develop sustainable processes that meet the needs of our customers and partners within the value chain. Based on our applicable corporate values of grateful, intentional, customer-centric, proactive, vigorous, and loyal we describe here how we work towards this every single day.

At L&R we recognize that sustainability is a journey and not a destination. To embark on this voyage we engage with multiple stakeholder partners throughout the value chain who are aiming for a sustainable future. Only through open and constructive collaboration can we solve the issues that we are facing as an industry. Partnering with green companies and trade organizations who recognize our efforts helps us move forward. They keep us informed, and motivate us to commit ourselves to urgent sustainability goals.

We also act internally to optimize our supply chain and production process. We do this by maintaining a continuous improvement approach in each facility, implementing waste reduction strategies. We take reasonable steps to manage our environmental footprint and develop programs to reduce energy and water consumption and increase waste diversion as well as increase our usage of green products and services. Through these efforts and others, we demonstrate our commitment to minimizing environmental impact. We track and measure sustainability performance, manage risks and deliver bottom line benefits by focusing on people, planet and profit. By incorporating these principles into our strategy, policies and procedures, we are upholding our basic responsibilities to people and planet. All of this is supported by clear goals (both on company and site level) that are communicated and documented and demonstrated by our actions, to this end, L&R has established baselines and will report performance results annually.

We want to be a sustainable partner for our customers, with a major focus on the development of sustainable operations. At the core of our business are the people that we encounter every day. We work hard to be the best possible employer to our workforce and a valued partner to our communities. L&R fosters an inclusive, safe and giving environment so our employees are fully engaged in ensuring a brighter tomorrow.

DIVERSITY & INCLUSION POLICY

L&R is committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion.

Our human capital is the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but our reputation and company's achievement as well.

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our employees unique.

L&R's diversity initiatives are applicable—but not limited—to our practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs; layoffs; terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity that encourages and enforces:

- Respectful communication and cooperation between all employees.
- Teamwork and employee participation, permitting the representation of all groups and employee perspectives.
- Work/life balance through flexible work schedules to accommodate employees' varying needs.
- Employer and employee contributions to the communities we serve to promote a greater understanding and respect for the diversity.

All employees of L&R have a responsibility to treat others with dignity and respect at all times. All employees are expected to exhibit conduct that reflects inclusion during work, at work functions on or off the work site, and at all other company-sponsored and participative events. All employees are also required to attend and complete annual diversity awareness training to enhance their knowledge to fulfill this responsibility.

Any employee found to have exhibited any inappropriate conduct or behavior against others may be subject to disciplinary action.

Employees who believe they have been subjected to any kind of discrimination that conflicts with the company's diversity policy and initiatives should seek assistance from a supervisor or an HR representative.

RESPONSIBLE POLITICAL INVOLVEMENT

Political Involvement

Our commitment to corporate responsibility guides everything we do, including our work to help develop public policy and legislation that supports our business priorities. We believe in supporting responsible policy through limited and strategic contributions, without favoring specific political parties. All contributions to advance public policy are aligned with our corporate purpose, mission and objectives.

Advocacy and Lobbying Activity

We comply with all applicable laws that require reporting on lobbying and related activities. L&R Distributors, Inc. ("**L&R**") does not have a practice of utilizing its resources for lobbying expenditures at the U.S. federal level or state level. Should this practice change, L&R will provide updates to this policy.

We do not make or coordinate any contributions to other tax-exempt organizations, such as 501(c)(4)s, that the recipient may use for political purposes.

Political Contributions in the U.S.

L&R makes does not make any direct political contributions to U.S. state and local candidates.

L&R as a Company does not participate in the political process and does not provide financial support to state or local ballot initiatives or any advocacy relating to specific issues that have a direct impact on our businesses.

Should L&R begin to participate in the political process, our involvement will be guided by our corporate values and would be fully reported in accordance with governing laws. Any political spending we would participate in would promote the interests of the Company, and never the private political preferences of our officers and directors.

L&R's policy is not to use corporate funds to support super PACs or 527 organizations, nor to use corporate funds to support independent political expenditures to influence elections or make contributions to trade associations for that purpose. L&R does not make political contributions outside the United States. L&R also maintains an internal policy to help ensure that the company and its employees adhere to our political involvement guidelines.

Independent Employee Political Participation

L&R does not control, direct or influence any employee's political activities or affiliations. Employees engaging in personal political activity must do so as private citizens, not during paid work hours, and without using company resources for political purposes. Employees who wish to participate in political activities on behalf of L&R must obtain prior approval from its CEO. This includes taking positions on proposed legislation on behalf of L&R.

COMPANY PROPERTY

You may not use any Company property for personal purposes or remove any Company property from the premises without prior permission from management.

Company property and assets are to be used for business reasons only. Assets include, but are not limited to, equipment, furniture, office supplies, corporate funds, credit cards, employee time, computer supplies, fax and postage use. Everyone has a responsibility to protect the Company's assets and to ensure that they are used for valid business purposes only.

All employees must use and maintain Company assets with the utmost care and respect, guarding against misuse, waste, abuse, loss, and theft. Please keep your work area neat and clean and use care in handling Company property. Report any broken or damaged equipment to your manager at once so that proper repairs can be made.

PERSONAL PROPERTY

The Company assumes no responsibility for personal property missing from or lost on Company premises. Employees should exercise care for all personal property including; but not limited to, apparel, wallets, briefcases, phones, etc.

Should you lose any personal property or find something on Company property belonging to someone else, please report the loss or turn the item in to management.

SELLING or DISTRIBUTING

Refrain from selling or distributing any items to other employees during working hours. Distribution of printed materials (brochures, leaflets, pamphlets, flyers) or written literature of any kind is also prohibited at all times in any work area.

PERSONAL APPEARANCE

Dress, grooming, and personal cleanliness standards contribute to the morale of all employees and affect the business image we strive to present.

During business hours, employees are expected to present a clean and neat appearance and to dress according to the requirements of their positions. Employees who appear for work inappropriately dressed will be sent home and directed to return to work in proper attire. Under such circumstances, employees will not be compensated for the time away from work. Inappropriate attire will be determined at the sole discretion of management.

Consult your manager or the Corporate Human Resources Department if you have questions as to what constitutes appropriate attire.

TOBACCO-FREE and SMOKE-FREE ENVIRONMENT

L&R Distributors is a smoke-free workplace therefore smoking is prohibited on all Company and customer property. This policy also pertains to e-Cigarettes and vaping.

BULLETIN BOARDS

Bulletin boards are located at some Company facilities in order to keep you posted on important notices and information of general interest. Management is responsible for the notices on the board. Notices may not be posted or removed without obtaining permission from your manager.

PERSONAL MAIL

The Company address may not be used as a personal mailing address. All mail delivered to the Company is presumed to be related to Company business and will be opened by the office and as such, there is no guarantee of privacy.

GAMBLING IN THE WORKPLACE

Employees shall not engage in gambling activities at work and are prohibited from using Company facilities in carrying out such activities.

FOOD and DRINK

Although the rules for food and drink will vary by location, if there is a break room available for employee use, food and drink will be restricted to this area.

CELL PHONE USE

Use of a cell phone for any purpose is prohibited during work hours unless you are in a position where use is an essential job requirement and calls are business related.

PROTECTION of EMPLOYEE INFORMATION

The Company respects the privacy of information regarding current and former employees. It is the goal of the Company to ensure that information regarding employees is collected, stored, and released in compliance with Company guidelines and applicable law. In general, sensitive information regarding any employee will be released only to individuals with a legitimate need to know the information. Information regarding a current or former employee will be released to third parties in accordance with Company policy.

SOLICITATION and DISTRIBUTION

In the interest of maintaining a proper business environment or preventing interference with work and inconvenience to others, employees may not distribute literature or printed materials of any kind, sell merchandise, solicit financial contributions, or solicit for any other cause during working time or to those on work time in any working areas unless approved by their Manager. This policy also applies to customer locations.

NEPOTISM/INTERPERSONAL RELATIONSHIPS

L&R Distributors allows for the employment of friends, spouses, significant others and immediate family members. However, the Company does not allow employees in such relationships to supervise or direct the work of one another.

The Company reserves the right to take any action deemed necessary when interpersonal relationships with relatives or others at the workplace conflict with the Company's business needs or which negatively impact the work environment.

EMPLOYMENT REFERENCE INQUIRIES

All reference inquiries from other employers, creditors or any other party; must be directed to Corporate Human Resources.

Employees of the Company must never divulge any information to anyone requesting information on former or current employees.

EMPLOYEE PURCHASES

Active employees of L&R Distributors, who have completed their 90-day probation period, may purchase items from their local warehouse. In order to make a purchase, employees must be assigned a unique employee purchase number. Your Employee Purchase Number is listed on your weekly ADP Earnings Statement at the top, left hand side under File.

- Employee purchases of \$75.00 or less in a pay period will be deducted in full from their next paycheck.
- Purchases totaling \$75.01 or more must have prior approval of the employee's direct manager.
- If an employee has a balance owed toward an employee purchase he/she cannot make any further purchases until their balance owed is \$0.00.

- Items purchased through the Employee Purchase Program cannot be resold or returned.
- Employees who work at a warehouse can only purchase from their local warehouse where their order will be fulfilled and picked up on location.
- Employees working remotely may purchase items from the L&R Web Store for delivery.
- Employees can make 1 transaction each pay period (Sunday – Saturday).
- Customer purchases will take precedence over employee purchases and will be fulfilled first. This may result in a delay of fulfillment/shipping of employee orders.

INCLEMENT WEATHER or EMERGENCY CLOSING

At times, emergencies such as severe weather, fire, and power failure may disrupt company operations. In extreme cases, these circumstances may require the closing of the facility. If the facility is closed for any emergency, employees will have the option to use their available PTO or to not be paid, other than as required by State and Federal law. L&R Distributors will make every effort to open the facility whenever possible.

The decision to close for business and/or excuse or dismiss employees from work due to extreme weather conditions rests solely with Senior Management.

In the event that such an emergency occurs during non-working hours, management will make every effort to contact you prior to your leaving home for work. Please contact a Human Resources representative to sign up to receive text message notifications from management when necessary. Alternatively, L&R Distributors may offer a phone number for employees to call where a message will be placed alerting employees to a closing.

Employee Text Message Notification System:

The system allows us to contact employees in a timely manner regarding urgent issues that may arise. Messages will be customized based on your location. To sign up, simply click on the link below assigned by location and complete the form.

NY Corporate Office: [Click Here - NY](#)

AR Distribution Center: [Click Here - AR](#)

CA Distribution Center: [Click Here - CA](#)

NJ Distribution Center: [Click Here - NJ](#)

Sales Department: [Click Here - Sales](#)



**ANTICORRUPTION, INTERNATIONAL TRADE AND ANTI-MONEY LAUNDERING
POLICIES**

ANTICORRUPTION, INTERNATIONAL TRADE AND ANTI-MONEY LAUNDERING POLICIES

The Company is committed to doing business with integrity. This means avoiding corruption of all kinds, including bribery of vendors, clients, customers, government agencies/officials and other entities. In addition, L&R Distributors will keep all proprietary information of the company and of our customers secure regardless of individual, business, military or government classification.

Anticorruption Policy

L&R DISTRIBUTORS, INC. and its subsidiaries (collectively, “L&R”) are committed to maintaining the highest possible ethical standards and complying with all applicable laws in all countries in which they do business. This includes strict compliance with the U.S. Foreign Corrupt Practices Act of 1977 (“FCPA”). This act prohibits, among other things, all bribery—both of foreign government officials and private parties. The purpose of this policy (the “Policy”) is to provide guidance to L&R’s directors, officers, employees, agents, consultants, suppliers, intermediaries, joint venture partners, and other third-party representatives, as well as those of its portfolio companies, to ensure compliance with this law.

Policy

L&R strictly prohibits bribery of any kind (whether bribery of a public official or private sector employee) in all locations in which it operates. Bribery is illegal and places L&R and its employees at risk of criminal and civil liability and reputational harm. It is L&R’s policy to comply with the letter and the spirit of the FCPA and other anti-corruption laws and to refrain from making gifts, payments, promises, or offers that violate, or even could appear to violate, the anti-corruption laws.

Application

Directors, officers, and employees of L&R, wherever located (hereinafter collectively referred to as “Employees”), as well as L&R’s agents, consultants (other than domestic sales consultants), suppliers, intermediaries, joint venture partners, and any other third-party representatives when acting on L&R’s behalf (hereinafter collectively referred to as “Representatives”) must avoid any activity that may directly or indirectly implicate L&R in any violation of this Policy or the FCPA.

All Employees are required to electronically sign the attached certification form on an annual basis acknowledging that they have read and understand the Policy, and that they agree to comply with it. Additionally, electronic copies of the Policy shall be provided to all Representatives at the onset of a new engagement. The Certification Form is available in Appendix A.

Enforcement Agencies, Penalties and Sanctions

The U.S. Department of Justice (“DOJ”) and the Securities and Exchange Commission (“SEC”) are the chief enforcement agencies with respect to the FCPA. Persons who violate these laws are subject to criminal and civil fines and imprisonment. A violation of these laws potentially subjects both L&R and the individual(s) involved to severe criminal and civil penalties. Violations of these laws may also result in L&R being unable to conduct business with certain customers, losing necessary licenses or permits, and other severe negative consequences. Even suspected violations of these laws may cause significant harm to L&R’s reputation and business, including significant legal fees for internal investigations and certain implicated employees, loss of business due to decline in business reputation, and any related civil lawsuits, against L&R, as well as its Employees and Representatives.

Compliance with this Policy

L&R will not tolerate Employees or Representatives who achieve results by violating the law or acting dishonestly or in a manner that places at risk L&R's ethical principles and reputation. Employees and Representatives who violate this Policy will be subject to disciplinary or other action, up to and including dismissal or termination.

Employees and Representatives should contact L&R's Chief Financial Officer for additional guidance regarding the application of this Policy. Moreover, each Employee and Representative must immediately report any suspected violations of this Policy and any request for a bribe to his or her supervisor (unless the supervisor is implicated) or L&R's Chief Financial Officer.

The Foreign Corrupt Practices Act

1. Prohibited Payments

The FCPA is a criminal statute that, in short, prohibits bribery of foreign, non-U.S. government officials or employees in order to obtain and retain business. L&R, its Employees, and its Representatives, are prohibited from directly or indirectly giving or paying, making an offer or a promise to give or pay, or authorizing the giving or payment of anything of value to a foreign, non-U.S. official (as defined herein) for the purpose of:

- a) (i) influencing any act or decision of such foreign, non-U.S. official in his or her official capacity, (ii) inducing such foreign, non-U.S. official to do or omit to do any act in violation of the legal duty of such official, or (iii) securing any improper advantage or favorable treatment; or
- b) inducing such foreign, non-U.S. official to use his or her influence with a foreign, non-U.S. government or instrumentality thereof to affect or influence any act or decision of such government or instrumentality, in order to assist L&R in obtaining or retaining business for or with, or directing business to, any person.

This means that it is illegal under the FCPA to provide a bribe *directly* to a foreign, non-U.S. government official, or to provide such a bribe *indirectly, e.g.*, through a third party or entity.

a. "Foreign Official"

The term "foreign official" is broadly defined under the FCPA and this Policy to mean:

- officers, employees, and other persons working in an official capacity on behalf of any branch of a foreign, non-U.S. government (e.g., legislative, executive, judicial, or military) at any level (e.g., local, regional, or national), or any department or agency thereof;
- foreign, non-U.S. political parties, foreign, non-U.S. political party officials, and candidates for a foreign, non-U.S. political office;
- employees, officers, and directors of wholly or partially state-owned, state-controlled, or state-operated non-U.S. enterprises;
- in some countries, labor union officials;

- officers, employees, and other persons working in an official capacity on behalf of a public intergovernmental organization, such as the International Monetary Fund, the United Nations, or the World Bank, regardless of the individual's nationality; and
- immediate family members (e.g., parents, children, spouse, and in-laws), close friends, and close business associates of any of the individuals identified in this subsection 1(a).

It is important to remember that a foreign, non-U.S. official does not have to be a high-ranking government official with significant official duties and responsibilities; U.S. enforcement agencies may consider even a low-level employee of a government agency or state-controlled enterprise to be a foreign, non-U.S. official under the FCPA.

Examples of foreign, non-U.S. officials include the following, regardless of the individual's nationality, so long as they are located outside of the U.S.:

Low-level employees at municipal tax bureaus, customs officials or licensing authorities;

- judges and law enforcement officials;
- mayors and other local politicians;
- doctors at government-run hospitals;
- professors at government-run universities;
- tax officials; and
- procurement managers and purchasing officers of state-owned enterprises.

Example of foreign, non-U.S. officials would not include the following:

- directors and officers of private companies;
- private attorneys;
- doctors at privately-run hospitals; and
- procurement managers and purchasing officers of privately-owned enterprises.

b. "Payment"

The FCPA prohibits not only the actual payment of money or giving of anything of value to a foreign, non-U.S. official, but also any offer, promise, or authorization of the payment or giving of anything of value to a foreign, non-U.S. official. An offer to make a corrupt payment to a foreign, non-U.S. official, even if rejected, constitutes a violation of the FCPA. Companies and their employees can be prosecuted and incur liability for offers or promises that are never carried out.

Example

An Employee offers to hire a local licensing bureau official's daughter as intern at L&R to persuade the licensing bureau official to grant a necessary license to a supplier of L&R. The Employee's supervisor learns of the offer and strictly prohibits the Employee from following through with the offer. The Employee's offer may implicate the FCPA, despite the fact that no improper payment was ever made to the official.

c. "Thing of value"

The terms "anything of value" and "thing of value" are not limited to tangible items of economic value, but may include anything that offers a benefit to a recipient or that the recipient would find interesting or useful, including mere promises or potential opportunities. A thing of value does not need to have any monetary value at all to constitute an improper benefit or bribe. Examples of "things of value" could include:

- cash,
- cash equivalents (e.g., gift cards),
- gifts,
- entertainment,
- meals,
- discounts on products or services,
- professional training,
- employment or offers of employment,
- paid or unpaid internships, and
- personal favors.

d. Meaning of "obtain or retain business"

The phrases "obtaining or retaining business" and "directing business to" in the FCPA have been interpreted broadly by U.S. courts. These phrases cover improper payments relating not only to securing, performing, or maintaining government contracts, but also to securing discretionary governmental action in the normal course of business operations in a foreign, non-U.S. country. Therefore, the business to be obtained or retained does not need to be with a foreign, non-U.S. government or government agency; it can be with an entirely private entity. Under this standard, all payments to foreign, non-U.S. officials that may directly or indirectly give L&R an improper business advantage may implicate the FCPA, including those intended to (i) reduce customs duties, tax liabilities, or other financial liabilities or mandatory government fees; or (ii) secure a favorable judicial or administrative decision, including even obtaining a passport or customs clearance.

e. Indirect payments and the importance of “knowledge”

In addition to prohibiting direct bribes to a foreign, non-U.S. official, the FCPA also prohibits *indirect* bribes, *i.e.*, giving anything of value to a third party while knowing that all or a portion of that thing of value will be given to a foreign, non-U.S. official for an improper purpose. The term “knowing” is defined in the FCPA broadly to extend beyond actual knowledge and to include “conscious disregard” and “deliberate ignorance” of suspicious actions and the likelihood that an improper payment to a foreign, non-U.S. official will be made. Under this standard, liability cannot be avoided by “sticking your head in the sand” and ignoring obvious red flags of potential improper conduct.

f. Importance of Accurate Recordkeeping under the FCPA

To ensure compliance with the FCPA’s accounting provisions, all transactions must be recorded accurately. Company employees should never attempt to disguise improper payments in the books and records by renaming them to appear legitimate, or by burying them in legitimate payments. Nor should company employees evade internal controls in attempting to conceal them, such as by failing to record them altogether. Accurate recordkeeping is the only way to ensure that L&R could, at a future time, prove that it complied with the FCPA.

2. Special Situations

a. Affirmative Defenses to the FCPA

The FCPA permits the payment of reasonable and *bona fide* business expenditures, such as travel and lodging expenses, incurred by or on behalf of a foreign, non-U.S. official, that are directly related to (1) the promotion, demonstration, or explanation of products or services, or (2) the execution or performance of a contract with a foreign, non-U.S. government or government agency. Given the narrow construction of this provision by the U.S. enforcement authorities, Employees and Representatives may not make such payments without prior written approval of L&R’s Chief Financial Officer.

b. Facilitating Payments Exception

The FCPA includes a narrowly defined exception for facilitating payments to expedite or secure routine and nondiscretionary governmental action. However, L&R prohibits Employees and Representatives from making facilitating payments, unless the circumstances requiring a facilitating payment involve an imminent threat to an individual’s health, safety, or welfare. Whenever possible, you must obtain pre-approval from L&R’s Chief Financial Officer and report such a payment immediately when pre-approval is not possible.

c. Entertainment Involving Foreign Officials

Entertainment of foreign, non-U.S. officials may be appropriate in certain limited circumstances, but any such entertainment must be reasonable, modest and not lavish, and directed at a legitimate business purpose. Entertainment can never be used to influence an official in order to obtain or retain business. Any such entertainment or offer or promise to provide such entertainment requires prior review and written approval by L&R’s Chief Financial Officer. The approval form for all gifts and hospitality is located in *Appendix B*. Further in all cases, the expense must be reflected accurately in L&R’s books and records.

d. Travel Expenses Involving Foreign Officials

Although the FCPA may permit the payment of reasonable and *bona fide* travel expenses for foreign, non-U.S. officials for certain legitimate business purposes, these situations are very limited and narrowly construed by U.S. enforcement authorities. Any such payment or offer or promise to make such payment requires prior review and written approval by L&R's Chief Financial Officer. Any such expenses should be paid directly to travel vendors or providers (travel agencies, hotels, airlines, etc.), or to the official's government agency, and not to individual officials themselves. In all cases, the expenditure must be reflected accurately in L&R's books and records.

e. Gifts to Foreign Officials

Gifts given to foreign, non-U.S. officials always raise concerns regarding undue influence and corruption under the FCPA. Remember that the FCPA has no exception for gifts of nominal value. Gifts given to foreign, non-U.S. officials for the purpose of improperly influencing these officials in their official capacity violate the FCPA and are strictly prohibited. Some modest gifts to foreign, non-U.S. officials may be permissible under the FCPA in limited circumstances. A gift, like expenditures for travel or entertainment, is never permissible where used or intended to influence an official in order to obtain or retain business. Any gift or offer or promise to make such gift requires prior review and written approval by L&R's Chief Financial Officer. The approval form for all gifts and hospitality is located in *Appendix B*. In all cases, expenditures for gifts must be reflected accurately in L&R's books and records.

f. Foreign Political Contributions

No contributions to foreign, non-U.S. political parties, campaigns, or candidates may be made by L&R or an Employee or Representative in his or her capacity as a representative of L&R without prior written approval of L&R's Chief Financial Officer.

g. Charitable Contributions

Charitable contributions made in foreign, non-U.S. countries may present a corruption risk. For example, a charitable contribution to the favored charity of a foreign, non-U.S. official made in order to obtain or retain business can violate the FCPA. No charitable contributions may be made in foreign countries without written approval by L&R's Chief Financial Officer, who shall use the Charitable Contributions Approval and Reporting Form attached hereto as *Appendix F*. In all cases, charitable contributions must be reflected accurately in L&R's books and records.

Examples of situations in which it would be problematic to donate to a charity include, but are not limited to:

- The charity is connected to a non-U.S. government official (e.g. the wife of a non-U.S. government official sits on the charity board);
- The charity is run by, or benefits, former non-U.S. government employees (e.g. the retired police officer's charity); and
- Donating to the charity would help win or ensure non-U.S. government business.

h. COVID-19

The COVID-19 pandemic and related regulatory and business restrictions poses additional potential risk issues from an anti-corruption perspective. Companies may be subject to additional government-imposed limitations or requirements relating to their operations that are new and create risks of noncompliance. In addition, some of these restrictions may occur on an emergency basis and impose drastic limitations on L&R's ability to do business. As a result, there is enhanced corruption risk where these activities occur in high-risk foreign jurisdiction and L&R's anticorruption policies and procedures are directly applicable to these situations. Some of the ways in which COVID-19-related issues can increase the number of governmental touchpoints and regulatory risk in high-risk foreign jurisdictions include:

- L&R's normal securing of government approvals, licenses, permits, or other regulatory requirements may be delayed, denied, or put into noncompliance due to COVID-19-related events or risks, including delays by government agencies in high-risk foreign jurisdictions in processing such approvals.
- L&R may be required to seek exemptions from COVID-19 related restrictions affecting business operations or facilities, employees, or other business issues. In some cases, L&R may choose to utilize the services of third parties to secure such exemptions from government agencies in high-risk foreign jurisdictions.
- L&R may seek grants, loans, or other financial assistance from governmental entities relating to COVID-19 issues in high-risk foreign jurisdictions and may utilize third parties or intermediaries to secure such assistance.

Given potential increases in regulatory requirements, noncompliance, third party risks, and governmental touchpoints that may occur as a result of COVID-19-related restrictions or issues in high-risk foreign jurisdiction, the requirements of this policy, including prohibitions on corrupt activity, required pre-approvals, due diligence and controls over third parties, and restrictions on government-facing interactions apply with full force to any activities undertaken with respect to these restrictions or issues. In the event of any questions regarding how the compliance program applies to such situations, please contact L&R's Chief Financial Officer.

i. Due Diligence and Selection of Representatives and Business Partners

As mentioned above, L&R may be held liable for the conduct of its Representatives, including agents, consultants, suppliers, intermediaries, joint venture partners, and other third parties acting on behalf of L&R, where it knows or should know that their actions for or on behalf of L&R could violate the FCPA. The fact that the Representative itself is a foreign company and not necessarily subject to the FCPA's requirements is not relevant. As a result, L&R has a duty to inquire regarding any circumstance that indicates that a Representative may have acted or will likely act unlawfully, and it is essential that Representatives, including agents, intermediaries, consultants, suppliers, joint venture partners, and other third parties acting on behalf of L&R, are thoroughly screened for their reputation for integrity and for the reasonableness of their scope of services and charges prior to retention. Therefore, it is the policy of L&R that no Representative will be engaged for activities outside the United States (a "Foreign Representative") without prior review and written approval by L&R's Chief Financial Officer.

To facilitate this approval process:

- the Employee proposing a business relationship with a prospective Foreign Representative must complete and submit to L&R's Chief Financial Officer a Foreign Third Parties Pre-Approval Form; this document sets forth the baseline due diligence that must be performed on all prospective Representatives and is available in *Appendix C*; and
- every prospective Foreign Representative must complete and submit to the Company a Due Diligence Questionnaire; the Due Diligence Questionnaire is available in *Appendix D*.

Any contract or purchase order with every Foreign Representative must include, among other provisions, a requirement that the Foreign Representative comply with the FCPA, a requirement that the Foreign Representative maintain accurate accounting and ensure proper recordation of expenses incurred in connection with L&R's business, and other provisions designed to ensure the Foreign Representative's compliance with this Policy and the FCPA. The text of these mandatory contractual provisions is available in *Appendix E*. These provisions may not be altered or excluded from any contract with a Foreign Representative without prior written approval of L&R's Chief Financial Officer. Further, all Foreign Representatives must certify their compliance with this policy at the time they are engaged and annually thereafter using *Appendix A*.

j. Red Flags for Suspicious Activities

Most anti-corruption risks are not apparent and bribery schemes are intentionally structured to obscure or hide the misconduct. Therefore, before entering into a business relationship with agents, consultants, suppliers, intermediaries, joint venture partners, or other third parties, it is important to check for "red flags" that may indicate there is a higher risk of bribery or misconduct.

Red flags may be identified at the beginning of a business relationship or at any time during the course of the relationship. Red flags must be escalated promptly in accordance with established procedures. Investigations of red flags may result in L&R declining to do business with or discontinuing to do business with a customer, vendor, consultant, or commercial agent and, in appropriate cases or where required, may result in a report of suspected illegal activity to appropriate government authorities.

The following is a non-exhaustive list of red flags that may raise a suspicion for improper transactions:

- The industry and/or country of a company has a history or reputation of corruption problems.
- A company seeks to contract for a type or amount of goods or services that does not appear to be consistent with the type of business or what is known about the business and its needs.
- A company does not appear qualified to perform its duties.
- A company is related to, or linked to, a government official.
- A company shows a lack of concern with price or terms of sale.
- A company does not want normal payment terms, e.g., wants to make payment in advance and may be seeking to avoid a credit review.
- A company is reluctant or refuses to provide information or provides false or inconsistent information in the due diligence process.

- A company discourages or prohibits a visit by L&R to a physical business location.
- A company appears to have reorganized or changed its name frequently.
- A business is owned by a Politically Exposed Person (a current or former high-level government official or family member or close associate), and there is information that the government official improperly benefited from his or her government position or the country is known to have a high degree of public corruption.
- A company does not have an online presence consistent with its size and apparent nature.
- Information cannot be found about a company from public or commercial services.
- The physical location or premises of a company does not appear to comport with the type or purported size of the business.
- The ownership structure for a company is unusually complex, opaque, or unusual for the type of business, or a company refuses to provide the names of its principal owners.
- A company proposes an unusual payment method, e.g., payment by cash, money orders, travelers checks, endorsed over checks, or payment from a non-bank financial institution.
- L&R provides irregular invoicing or other ordering problems, such as:
 - Vague, non-specific descriptions for payments;
 - Overabundance of “general purpose” or “miscellaneous” line items that can be used to hide bribes;
 - Identities of agents are not disclosed;
 - Unrecorded or missed transactions.
- L&R receives inquiries (formal or informal) from government authorities about a company, its employees, or owners.

Complaints

L&R is committed to ensuring that employees can raise concerns regarding potential violations of this policy. In the event of a complaint or concern, please contact L&R’s Chief Financial Officer.

Contact Information

If you have any questions about this Policy or concerns regarding compliance with the FCPA or other anti-corruption laws, please contact L&R’s Chief Financial Officer.

International Trade and Anti-Money Laundering Policy

L&R is committed to maintaining the highest possible ethical standards and complying with all applicable laws in all countries in which it does business. This includes strict compliance with U.S. laws governing international trade, including economic sanctions, export controls, anti-boycott regulations (collectively “International Trade Laws”), and anti-money laundering (“AML”) laws and regulations. The purpose of

this policy (the “Policy”) is to provide guidance to L&R’s directors, officers, employees, agents, consultants, suppliers, intermediaries, joint venture partners, and other third-party representatives to ensure compliance with such laws.

Policy

L&R strictly prohibits doing business with countries and persons prohibited by applicable International Trade and AML laws and regulations, as described below.

Application

This Policy applies to all directors, officers, and employees of L&R, wherever located (hereinafter collectively referred to as “Employees”). This Policy also applies to L&R’s agents, consultants, suppliers, intermediaries, joint venture partners, and any other third-parties when acting on L&R’s behalf (hereinafter collectively referred to as “Representatives”). Employees and Representatives must avoid any activity that may directly or indirectly implicate L&R in any violation of this Policy or applicable laws.

Compliance with International Trade and AML Laws is required of all Employees and Representatives. Employees are required to sign the attached certification forms on an annual basis acknowledging that they have read and understand the Policy, and that they agree to comply with it. The Certification Forms are available in *Appendix A*.

Enforcement Agencies, Penalties and Sanctions

The U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) is the chief civil enforcement agency with respect to U.S. sanctions. U.S. export control laws are primarily enforced by the U.S. Department of Commerce and the Department of State. The U.S. Department of Justice (“DOJ”) has authority to bring criminal enforcement actions against companies and individuals for criminal violations of these laws and regulations. U.S. AML laws are enforced by the DOJ, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network, various financial services regulators, and state agencies like the New York Department of Financial Services.

A violation of International Trade or AML laws potentially subjects both L&R and the individual(s) involved to severe criminal and civil penalties, up to and including incarceration. Other consequences include negative publicity, significant harm to our business reputation, increased government scrutiny, and difficulty obtaining government licenses and approvals, up to and including debarment, and potential denial orders which can limit the ability of individuals or companies to deal in any items subject to U.S. export controls.

Compliance with this Policy

L&R will not tolerate Employees or Representatives who violate the law or act in a manner that places L&R at risk. Employees and Representatives who violate this Policy will be subject to disciplinary or other action, up to and including dismissal or termination.

Employees and Representatives should contact L&R’s Chief Financial Officer for additional guidance regarding the application of this Policy. Moreover, each Employee and Representative must immediately report any suspected violations of this Policy to his or her supervisor (unless the supervisor is implicated) or L&R’s Chief Financial Officer.

OFAC Sanctions

Many countries around the world use sanctions as a foreign policy tool. The United States, through OFAC, has imposed robust sanctions measures to cut off funding for terrorists, illegitimate regimes, and others who seek to violate basic human rights. Accordingly, OFAC sanctions broadly prohibit U.S. persons and businesses from engaging in transactions, directly or indirectly, with certain specified targets, which may include business networks, entities, individuals, geographic regions, or entire nations. In many cases, it may also be a legal violation to refer transactions that would otherwise be prohibited to non-U.S. persons or entities for the purposes of evading legal restrictions, or to otherwise facilitate transactions involving countries or persons subject to U.S. sanctions. The United Nations, European Union, and other countries have imposed many similar measures.

To ensure compliance with applicable sanctions, L&R is expected to screen proposed counterparties against the prohibited persons lists set forth by OFAC and other regulators, and to avoid doing business with prohibited countries and jurisdictions. Those lists and restrictions are described further below.

- **Prohibited Countries and Jurisdictions**

OFAC broadly prohibits most transactions between U.S. persons and persons or entities in countries that are subject to comprehensive sanctions such as **Cuba, Iran, North Korea, Syria, and the Crimea Region of Ukraine**. Prohibited activities include the import and export of goods and services, whether direct or indirect, as well as “facilitation” by a U.S. person of transactions between non-U.S. parties and a sanctioned country. More limited sanctions may block particular transactions or require licenses under certain circumstances.

OFAC’s country-specific sanctions are complex regulations that change from time to time as the result of new legislation or executive orders.¹ If you have questions about whether sanctions may apply to a particular transaction, please contact the Chief Financial Officer of L&R.

- **Specially Designated Nationals**

In addition to country-based sanctions programs, OFAC prohibits dealings with certain specified individuals and entities engaged in certain prohibited activities, called “Specially Designated Nationals” or “SDNs.” SDNs include terrorists, proliferators of weapons of mass destruction (“WMD”), narcotics traffickers, members of transnational criminal organizations, and other “bad actors,” including government officials or entities involved in human rights abuses, corruption, malicious cyber-attacks, and other specified activities. These SDNs are located throughout the world and include major airlines, banks, and investors. Generally, the assets of an SDN in the United States are frozen and U.S. persons are generally prohibited from dealing with them without specific authorization, in the form of a license, from OFAC. Further, if an SDN owns a 50 percent or greater interest in an entity, OFAC policy requires that that entity must also be blocked, whether or not the entity itself has been sanctioned under the sanctions program. OFAC publishes a list of SDNs and other blocked persons (the “SDN List”) which is updated regularly.²

¹ A full list of the sanctions programs administered by OFAC is available at <https://www.treasury.gov/resource-center/sanctions/Programs/Pages/Programs.aspx>.

² The OFAC SDN List is available at <https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

For more information about the procedures in place to screen for SDNs and other prohibited persons on applicable lists, please see L&R's Know Your Customer procedures, or contact L&R's Chief Financial Officer.

- **Sectoral Sanctions**

OFAC also prohibits certain kinds of dealings with persons involved in specified sectors or industries, as per the designations published on OFAC's Sectoral Sanctions Identifications ("SSI") List. This type of sectoral designation does not result in a complete prohibition on all interactions as with SDNs. Rather, an SSI designation limits the types of interactions an entity is allowed to undertake with U.S. persons. For example, in 2014 the United States imposed sectoral sanctions targeting key sectors of the Russian economy. Specifically, U.S. persons are prohibited from transactions involving new equity or new debt with specified periods of maturity for designated entities in Russia's financial services, energy, and defense sectors. U.S. persons are also prohibited from providing goods, support, or technology to designated Russian entities relating to the exploration or production for new deepwater, Arctic offshore, or shale projects in which a designated Russian person has a controlling interest. In 2017, the United States imposed sanctions targeting debt and equity of the Venezuelan government, including the state-owned oil company Petróleos de Venezuela, S.A. (PdVSA).

OFAC's sectoral sanctions are complex regulations that change from time to time as the result of new legislation or executive orders. If you have questions about whether sanctions may apply to a particular transaction, please contact Chief Financial Officer of L&R.

Other Applicable Lists

Other regulators publish similar lists of prohibited persons akin to OFAC's SDN and SSI List. The United Nations ("UN") Consolidated Sanctions List includes all individuals and entities subject to sanctions measures imposed by the UN Security Council.³ The European Union ("EU") Consolidated List reflects the European Union's implementation of sanctions policies set forth by the UN Security Council as well as additional measures.⁴ The United Kingdom publishes a Consolidated List of Financial Sanctions Targets, which includes those subject to UN sanctions, EU sanctions and UK-specific asset freezes.⁵

U.S. Export Controls

Like U.S. sanctions, U.S. export controls are a means by which the U.S. implements international treaty obligations, such as in the areas of nuclear, chemical and biological weapons proliferation, multilateral

³ The UN Consolidated Sanctions List is available at <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidatedlist>. Most UN Member States implement regulations to restrict activities with persons and entities on the UN Consolidated Sanctions List.

⁴ The EU Consolidated List is available at <https://data.europa.eu/euodp/en/data/dataset/consolidated-list-ofpersons-groups-and-entities-subject-to-eu-financial-sanctions>. Generally, EU sanctions target certain regimes as well as non-state entities and individuals such as terrorist groups and terrorists.

⁵ The UK Consolidated List of Financial Sanctions Targets is available at <https://www.gov.uk/government/publications/financialsanctions-consolidated-list-of-targets>. The UK government also has the power to implement UN sanctions in advance of an EU regulation, meaning that the UK Consolidated List is more up to date of the EU Consolidated List.

sanctions, such as a U.N. arms embargoes and sanctions on companies and individuals, and its own national security and foreign policy interests.

U.S. export controls apply to all items located in the United States and to all U.S.-origin items located anywhere in the world. U.S. export controls may also apply to items manufactured outside of the United States when they are produced with certain U.S.-origin technology. Importantly, U.S. export controls “follow” items wherever they go. Thus, U.S. export controls continue to apply to items even after they are first exported out of the United States and even after the items are transferred (from one end-user to another end-user in the same country) or re-exported (shipped from one country to another). Critically, U.S. export controls may also apply to the release of technology or provision of export-controlled items to non-U.S. persons, including employees, in the United States. These transfers are referred to as “deemed exports” and may require special licensing and the development of technology control plans to ensure that only authorized foreign nationals are provided access to controlled technology.

The vast majority of items subject to U.S. export controls do not require licensing or other authorization. (A notable exception to this rule is that almost all items subject to U.S. export controls require licensing when being exported or re-exported to countries that are subject to comprehensive U.S. sanctions.) The remaining items subject to U.S. export controls may require licensing depending on which set of export control laws applies to them and the reasons for which they are controlled. To illustrate, all exports of defense articles and defense services are regulated by the International Traffic in Arms Regulations (“ITAR”) and require licensing to all non-U.S. destinations. U.S. and non-U.S. persons may also require licensing to broker transactions involving U.S. defense articles and defense services. In contrast, only certain items that are regulated by the Export Administration Regulations (“EAR”) will require licensing. Licensing requirements under the EAR may arise based on the export classification of item and the destination it is being sent to, based on the end-user, or due to the end use to which the items will be put.

With respect to end-users, U.S. export controls impose independent licensing requirements for exports to some SDNs, as well as other kinds of restricted parties that are identified on other lists, including the Entity List and the Denied Persons List. Thus, when screening proposed agents, consultants, vendors, distributors, freight forwarders and other parties to a transaction for potential matches to restricted or prohibited parties, it is important to ensure that you are checking all potentially relevant lists. Other restrictions apply to parties identified on the Unverified List and when exporting items to military end-users in Russia and Venezuela and for military end-uses in China, Russia and Venezuela. Knowing and understanding the parties involved in a transaction, including your customer and the end-users of a product when different, is as critical to complying with U.S. export controls as compliance with U.S. sanctions. Additionally, knowing how the customer or end-user will use a product is also necessary to ensure that the product will not be put to any prohibited end uses without required authorizations.

U.S. export controls are complex regulations that change from time to time as the result of new legislation, regulations, or executive orders. If you have questions about whether export control licensing requirements may apply to a particular transaction, please contact the Chief Financial Officer of L&R.

Anti-Boycott Compliance

During the mid-1970’s the United States adopted laws that seek to counteract the participation of U.S. citizens in other nation’s economic boycotts or embargoes. The anti-boycott laws were adopted to encourage, and in specified cases, require U.S. firms to refuse to participate in foreign boycotts that the United States does not sanction. They have the effect of preventing U.S. firms from being used to

implement foreign policies of other nations which run counter to U.S. policy. The Arab League boycott of Israel is the principal foreign economic boycott that U.S. companies must be concerned with today. The anti-boycott laws, however, apply to all boycotts imposed by foreign countries that are unsanctioned by the United States.

The anti-boycott provisions of the EAR apply to the activities of U.S. persons in the interstate or foreign commerce of the United States. The term "U.S. person" includes all individuals, corporations and unincorporated associations resident in the United States, including the permanent domestic affiliates of foreign concerns. U.S. persons also include U.S. citizens abroad (except when they reside abroad and are employed by non-U.S. persons) and the controlled in fact affiliates of domestic concerns. The test for "controlled in fact" is the ability to establish the general policies or to control the day to day operations of the foreign affiliate. Conduct that may be penalized and/or prohibited includes:

- Agreements to refuse or actual refusal to do business with or in Israel or with blacklisted companies.
- Agreements to discriminate or actual discrimination against other persons based on race, religion, sex, national origin or nationality.
- Agreements to furnish or actual furnishing of information about business relationships with or in Israel or with blacklisted companies.
- Agreements to furnish or actual furnishing of information about the race, religion, sex, or national origin of another person.
- Implementing letters of credit containing prohibited boycott terms or conditions.

The EAR requires U.S. persons to report quarterly requests they have received to take certain actions to comply with, further, or support an unsanctioned foreign boycott.

Anti-Money Laundering

Money laundering is generally described as the process by which a person conceals the existence, nature or source of the proceeds of illegal activity and disguises them to appear legitimate. Money laundering is not associated only with drug trafficking and other traditionally-understood criminal activity, but can also involve fiscal law violations—violations of tax, currency controls, and customs laws—and can promote public corruption and facilitate the financing of terrorism and sanctions violations.

To address this problem, governments around the world have made money laundering a crime. It is generally a crime to engage in a financial transaction with knowledge that the funds involved are the proceeds of illegal activity. Knowledge can be based on willful blindness—failure to inquire when faced with red flags that should have raised suspicion. Governments also have imposed regulatory or administrative AML requirements on financial institutions and other businesses to prevent and detect money laundering and enable forfeiture or confiscation actions against funds involved in, or traceable to, money laundering.

For non-financial institutions, the necessity and extent of any AML controls must be tailored to each individual company based on factors like the industry, jurisdiction, customer base, and payment practices. Specific policies and procedures will vary based on the types of customers and transactions (including cash, check, cryptocurrencies, wire transfer, etc.)

Know Your Customer/Screening Procedures

L&R has established Know Your Customer (“KYC”) procedures to protect it from becoming involved with customers, agents, consultants, suppliers, intermediaries, joint venture partners, and other counterparties that L&R does business with that would be blocked under U.S. sanctions and export controls regulations, or could be involved in other illicit activity. The KYC Procedures are designed to protect L&R from civil and criminal liability, investment, credit, and reputational risk.

On a risk basis and depending on the nature of the relationship, our KYC procedures may include obtaining information and documentation and reviewing Internet and other public-source information and commercial services to ensure, to the extent reasonably possible, that the customer or counterparty is engaged in legal business activities; has a legal source of funds for payment to L&R; and there are no red flags or inconsistencies in the information obtained. These procedures are designed to ensure that L&R obtains an adequate understanding of the customer or counterparty’s business, including its management, ownership structure, principal owners, geographies in which it operates, and customer base, and the intended end users of our products and services, if other than the customer.

For more information regarding L&R’s KYC procedures, please see L&R’s Chief Financial Officer.

Complaints

L&R is committed to ensuring that employees can raise concerns regarding potential violations of this policy. In the event of a complaint or concern, please contact L&R’s Chief Financial Officer.

Contact Information

If you have any questions about this Policy or concerns regarding compliance with International Trade Laws, please contact the Chief Financial Officer at L&R.



COMPENSATION and ATTENDANCE

EMPLOYMENT CATEGORIES

The following employment categories define the employment classifications applicable to work at the Company. Employment status and benefit eligibility depend on the category of employment:

(FTR) FULL-TIME REGULAR - The employee regularly works 30 or more hours per week.

(PTR) PART-TIME REGULAR - The employee regularly works less than 30 hours per week.

(TEMP) TEMPORARY - Temporary positions are those positions that are limited in duration and/or sporadic in nature. These positions are generally for a specific project; for temporary replacement of an absent regular full or part-time employee, including illness, leave of absence and for short-term needs during seasonal and/or peak workloads.

Depending upon an employee's pay level, combined with the employee's job duties and responsibilities, each employee is classified as either "**Exempt**" or "**Non-Exempt**" for payroll purposes. These two terms refer to whether an employee is exempted from the overtime provisions of applicable state and federal laws. "Non-Exempt" employees are eligible for overtime pay. Exempt employees are not.

Overtime pay is based on actual hours worked. Time off on sick leave, vacation leave, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations unless required by state law.

TIMEKEEPING

Accurately recording time worked is the responsibility of every employee. Federal and state laws require employers to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is all of the time actually spent on the job performing assigned duties. The type of timekeeping system utilized may vary by location (i.e. timecard, bio-metric, etc.).

Tampering with, altering or falsifying your own or anyone else's time records, or recording time for another employee may result in disciplinary action, including termination.

A non-exempt employee should report to work no more than five minutes prior to their scheduled starting time nor stay more than five minutes after their scheduled stopping time without prior authorization from their supervisor.

It is the employee's responsibility to maintain his or her time correctly to ensure the accuracy of all time recorded. If you need to have your time record corrected, you must contact your supervisor, do not do so yourself. Your supervisor is responsible for authorizing corrections before submitting the total time worked to payroll for processing.

WORK SCHEDULES

Employee work schedules vary throughout the Company. The Company retains the right to vary work schedules according to business demands and/or special circumstances.

Exchanging time or workdays with another employee is prohibited unless approved in advance by management.

WORKING OVERTIME

Overtime assignments are determined by a number of factors and must be authorized by your supervisor. When possible, you will be notified in advance of overtime requirements. If time allows, employees may be given the opportunity to volunteer for overtime work assignments. However, in instances where an insufficient number of employees' volunteer or the need for overtime was due to unforeseen demands, a supervisor may require employees to work overtime.

Payments for overtime will be paid to eligible employees in accordance with appropriate state and federal laws.

ATTENDANCE & PUNCTUALITY (COVID Implications)

You are very important to the overall success of the Company. Regular and prompt attendance is essential if you are to properly perform your assigned job. Your absence places a burden on other employees and affects everyone's performance.

The Company recognizes that due to sickness or other compelling reasons, you may find it necessary at times to be absent from work without prior approval. If this happens, you must follow these steps:

- *Call your manager as far in advance as possible. No later than two hours prior to the start of your shift.*
- *If you are unable to contact your manager, you may leave him/her a voicemail however you must ask to speak with another manager that is available to advise them of your absence.*
- *If you leave a voicemail during non-business hours you must call your manager as soon as the start of the business day.*
- *If you do not call in an absence in advance, it will be considered unexcused unless emergency circumstances relating to the absence were unforeseen and did not allow for advanced notice, should this be the case, you must call as soon as possible or have someone else do so for you.*

Unsatisfactory attendance, including reporting late or quitting early, will be cause for disciplinary action, up to and including termination.

BREAKS

Lunch and rest breaks will be based on hours worked and scheduled to meet the amount of coverage needed to handle the business demands of the department. Employees will be advised by management of their break schedule (if applicable).

PAY PERIOD

The weekly pay period begins on **Sunday** and ends on **Saturday**. Paychecks are distributed weekly following the end of each pay period. The official payday is **Thursday**. A statement of earnings

accompanies each paycheck. This statement gives current and year to date details concerning your regular and overtime earnings, state and federal taxes and any deductions you might have.

If you have a question about your pay or deductions, please talk to your supervisor or Human Resources as soon as possible.

PAY CORRECTIONS

The Company takes all reasonable steps to assure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of their supervisor or contact Human Resources at extension 2197 so that corrections can be made promptly.

If underpayments are identified, the employee's next regular paycheck will be adjusted to include the corrected amount and any back pay due the employee.

Overpayments will also be corrected in the next regular paycheck unless this presents a burden to the employee such as when a substantial amount is owed. In that case, the Company will attempt to arrange a schedule of repayments with the employee to minimize the inconvenience to the employee and the Company.

DIRECT DEPOSIT

Employees have the option of having their paycheck deposited into their bank, credit union, or savings and loan account. Please contact Human Resources to request an enrollment form.

PAY CARD

If you do not have a checking or savings account and want to avoid waiting in lines at the bank to cash your paycheck, we have the solution. By enrolling in the Wisely Pay Card Program, your funds are electronically deposited to your Wisely Pay Card, where your funds are FDIC insured. You then have immediate and convenient access to your money at over 900,000 automated teller machines (ATMs). For more information regarding benefits and fees, please ask your manager or contact the Corporate Human Resources Department.

LOST PAYCHECKS

If you should lose your paycheck, immediately report the loss to Human Resources at extension 2197.

WAGE ASSIGNMENTS and GARNISHMENTS

When the Company receives a wage assignment or garnishment for you, we are required to process the order and make arrangements to begin payroll deductions from your paycheck.

We will inform you when we receive a notice, and will assume you will then take the responsibility of satisfying your creditors. If a garnishment is not relinquished in writing prior to the payroll processing

date, we are required by law to make the necessary deduction from your check. The Company will comply with all legal garnishment and wage assignment orders.

EXPENSE REPORTS

Sales personnel are required to complete expense reports and turn in on a bi-weekly basis or more frequently when necessary. Your supervisor will determine what reports you will need to complete. The information provided on the expense report must be factual. Any attempt to present an expense report that is not based on factual information may result in disciplinary action, up to, and including termination.

PERSONNEL RECORDS

The Corporate Human Resource Department creates and maintains an “official personnel file” for each employee. The official personnel file includes information maintained by the Company relating to employment. The Corporate Human Resource Department is responsible for establishing procedures to maintain and protect the confidentiality of the personnel files.

Personnel records must be maintained accurately at all times. It is the responsibility of the employee to notify the Corporate Human Resources Department immediately of any of the following changes:

- Name
- Marital status
- Home address and telephone number
- Cell phone number
- Birth of a child, addition/change of dependents
- Change of income tax dependents
- Change of dependents for health insurance coverage and group life insurance
- Change of beneficiary for group life insurance
- Emergency contact information

ACCESS TO PERSONNEL FILES

Personnel files are the property of the Company and access to the information they contain is restricted to protect the privacy rights of every employee. Unless otherwise allowed by state law, Human Resources Representatives and officials of the Company who have a legitimate business reason for reviewing information in a file are the only individuals allowed to do so.



SAFETY

GENERAL SAFETY RULES

Establishment and maintenance of a safe work environment is the shared responsibility of the Company and employees at all levels. The Company will attempt to do everything within its control to assure a safe environment and compliance with federal, state, and local safety regulations. Employees are expected to obey safety rules and to exercise caution in all their work activities. Unsafe conditions must be promptly reported to an employee's supervisor or any other member of the management team.

Our employees perform a wide range of functions. Although some safety rules apply only to specific positions, all employees are expected to comply with the following rules:

- Use common sense in performing your duties.
- Report any work injury/illness to your supervisor.
- Report unsafe conditions to your supervisor or another member of the management team.
- Do not use any equipment, vehicles or materials when overly tired, nauseated, feverish or under the influence of any substance that may affect your judgment.
- Keep your work area neat and organized.
- Wear seat belts when operating any Company or rented vehicle or driving your own personal vehicle while on Company business.
- Be sure that aisles or exits are kept clear; do not let anything interfere with walkways.
- Keep the floor clear of any trip and fall hazards.
- Store all sharp objects properly when not in use.
- Open and close doors cautiously and use extra caution at blind hallway intersections.
- Open only one file cabinet drawer at a time to avoid tip-over. Cabinets should also be loaded from bottom to top and emptied in the reverse order. Always close drawer before you leave.
- Report or clean up all spills immediately.
- Use stepstools, platforms or ladders for climbing. Never use chairs.
- Report frayed electrical cords.

REPORTING ACCIDENTS AND INJURIES

Most accidents and injuries can be avoided by using common sense and personal initiative. When they do occur, all illnesses and injuries occurring in the workplace must be reported to management immediately; regardless of how insignificant the illness or injury may appear. Such reports are necessary to comply with laws and initiate liability and worker's compensation insurance procedures.

Fraudulent worker compensation claims will be handled in accordance with each States regulatory laws.

MATERIAL SAFETY DATA SHEETS (MSDS)

The Company will keep Material Safety Data Sheets (MSDS) on all hazardous substances and materials on its premises. Employees that wish to view any MSDS Sheet should advise their supervisor that they would like to do so.

IMPROPER HEALTH AND SAFETY PRACTICES

All employees are expected to abide by safe work practices and adhere to general safety rules to ensure their safety as well as the safety of coworkers.

Any employee in violation of a Company health and safety practice will be subject to disciplinary action, up to and including termination of employment.

DRUG-FREE WORKPLACE

Employees are expected and required to report to work on time and in appropriate mental and physical conditions for work. Each employee is responsible to help ensure that L&R Distributors remains a drug-free, healthy, safe and secure work environment.

The Company prohibits the unlawful sale, possession, purchase, manufacture, distribution or dispensing of controlled substances, including illegal drugs, on Company premises or while conducting Company business off premises. Violations of this policy will result in disciplinary action, up to and including immediate termination, and may have other legal consequences. Employees must, as a condition of employment, abide by the terms of this policy.

L&R Distributors is committed to protecting the health and safety of its employees and visitors by ensuring the safe and productive operation of its facilities. To further these interests, the Company has adopted the following drug-free awareness policy in accordance with the Federal Drug Free Workplace Act.

All employees should know that the dangers of drug abuse in the workplace can create unsafe conditions as well as jeopardize the health and safety of all employees.

As a condition of continued employment, the terms and conditions of this policy must be adhered to at all times.

The Company reserves the right to have employees tested for drugs and other controlled substances in accordance with applicable laws. The Company may ask an employee to submit to a drug or alcohol test whenever it reasonably believes that the employee may be under the influence of drugs or alcohol at work, in violation of this policy. This includes, but is not limited to, the following circumstances: evidence of drugs or alcohol on or about the employee's person or in the employee's vicinity; unusual, bizarre or erratic conduct on the employee's part that suggests impairment or influence of drugs or alcohol; an on-the-job accident or injury under circumstances that suggest possible use or influence of drugs or alcohol in the accident or injury; or excessive and unexplained absenteeism or tardiness.

If an employee tests positive for drugs or alcohol under this policy, the employee is subject to disciplinary action up to and including termination.

Nothing in these policies prohibits or in any way limits the lawful use of prescription and non-prescription drugs. However, an employee must inform his or her immediate supervisor and/or the Corporate Human Resources Department if he or she is using a prescription or non-prescription drug, which at current prescribed dosage, could impair work performance or pose a risk of harm to the employee, to others or to property. It is the employee's responsibility to determine from his or her physicians if the medication can impair work performance or pose such a risk.

If the lawful use of prescription or non-prescription drugs does limit or otherwise impair the employee's ability to perform the essential functions of his or her position or otherwise creates a safety risk, a member of the Corporate Human Resource Department will speak with the employee to determine whether or not a reasonable accommodation is available. Employees who have questions regarding this policy are encouraged to contact the Corporate Human Resources Department for a determination as to whether an accommodation is available.

The Company reserves the right within the limits of applicable law to conduct searches of Company property, including lockers, desk drawers, cabinets, closets, bags, packages and vehicles parked on Company property to detect evidence of the presence of illegal substances.

DRIVING

Employees who drive Company vehicles or are reimbursed for use of a personal vehicle, while conducting Company business, must be familiar with this driving policy and be 18 years of age or older. Employees must maintain a current and valid driver's license. This license must be presented to the appropriate person when checking a Company vehicle out for periodic use. Employees are required to observe all safety regulations and postings set forth and determined by the state in which the employee is driving.

Any employee, who drives a Company vehicle or is reimbursed for use of a personal vehicle, will periodically be required to submit to a Motor Vehicle Safety Records (MVR) background check. Employees who are reimbursed for use of a vehicle must maintain insurance coverage on any personal vehicle that is used for Company business. Employees will also be subject to SAMBA safety review during the duration of their employment.

If an employee is issued a citation or ticket for a traffic violation while conducting Company business, the Corporate Human Resources Department and their immediate supervisor must be notified. An employee may be subject to a disciplinary action by the applicable jurisdiction where the infraction took place. Also, in the event a driver's license is suspended or revoked or if insurance is canceled, the Corporate Human Resource Department and Management must be immediately notified.

Cell Phone Usage. Company policy requires that any cell phone usage while operating a motor vehicle must be done via a hands-free device and in adherence with applicable laws.

Fleet Safety Rules. The following are safe driving rules that should be observed at all times. Failure to observe these guidelines could result in disciplinary action, up to, and including termination. (This is not an all-inclusive list.)

1. Do not take chances. To arrive safely is more important than to arrive on time.
2. You should be mentally and physically rested and alert prior to each trip.
3. Drinking of alcoholic beverages while driving or driving under the influence of alcohol or restricted drugs is prohibited.
4. You must have a valid driver's license for the type of vehicle to be operated, and keep the license with you at all times while driving.
5. Traffic laws must be obeyed.
6. Speed shall never be faster than a rate consistent with existing speed laws, road conditions, traffic conditions, and weather conditions. Posted speed limits must be obeyed.
7. Never follow another vehicle so closely that a safe stop can't be made under any conditions. Observe timed interval and following distance guidelines.
8. Slow down and watch for children in school zones.
9. Vehicles are to be driven by authorized drivers only.
10. Do not give rides to hitchhikers or strangers.
11. Seat belts must be worn by yourself and any passengers.
12. Check your vehicle daily before each trip, and check the vehicle visually each time before driving. Check lights, tires, brakes, window washer fluid and steering particularly. An unsafe vehicle should not be operated until repairs are made.
13. You must report all accidents immediately, as required by law, to both the proper authorities and your supervisor.
14. You must report all arrests and traffic convictions to the Company. Repeated traffic convictions or failure to report traffic accidents or convictions may result in disciplinary action, up to, and including termination.
15. Other safe driving rules adopted by the Company, prescribed by State/Local laws or by the applicable D.O.T. Motor Carrier Safety Regulations must be adhered to.

WEAPONS

L&R Distributors prohibits employees, contractors, vendors, and any other visitors to any of our Company properties, from possessing, carrying or using weapons on all property locations.

For the purpose of this policy, "weapons" means: The use, possession, sale, or storage of articles and substances that endanger a person's health and/or safety. This includes, but is not limited to, firearms (e.g. guns, pistols, rifles, stun guns, air rifles, pellet guns, etc.), knives, weapons, to include replicas of any such articles or substances.

Individuals who engage in any conduct prohibited by this policy may be terminated immediately.

VIOLENCE IN THE WORKPLACE

L&R Distributors is committed to providing a safe, healthful workplace that is free from violence or threats of violence. For purposes of this employment standard, workplace violence is any violent or potentially threatening behavior that arises from or occurs in the workplace that affects employees, customers, vendors and anyone else that is conducting business with the Company.

The Company does not tolerate behavior, whether direct or through the use of Company facilities, property or resources, that is, violent, threatens violence, harasses or intimidates others, including stalking or bullying behavior, interferes with an individual's legal rights of movement or expression, disrupts the workplace or the ability to provide exceptional service our customers.

The Company takes reports of threatening or violent workplace incidents seriously. Employees, supervisors and managers must contact the Corporate Human Resources Department or any member of the executive team immediately to report any threats that they have witnessed, received, or have been told that another person has witnessed or received. In cases where an employee believes that the actions of another employee are grounds for police intervention, they should call 911 immediately.



EMPLOYEE BENEFITS

VACATION POLICY

Eligibility

All regular Full-time Hourly and Salaried employees are eligible for paid vacation as outlined in the following Vacation Accrual Schedules.

Hourly (Non-Exempt) Employees

Years of Service	Vacation Hours Earned Per hour	Maximum Vacation Accrual Hours Per Year
1	.02 per hour	40
2 thru 9	.04 per hour	80
10 thru 19	.06 per hour	120
20+	.08 per hour	160

Salaried (Exempt) Employees

Years of Service	Vacation Hours Earned Per Week	Maximum Vacation Accrual Hours Per Year
1	.08	40
2 thru 9	1.60	80
10 thru 19	2.40	120
20+	3.20	160

Carryover Limit

The Company believes that the purpose of vacation leave is to provide a period of uninterrupted rest and relaxation for the improvement of the health and morale of our employees. For this reason, you are encouraged to take all vacation time to which you are entitled within the calendar year. If, however, you have any unused hours remaining at the start of the following calendar year you may carryover those hours, up to a maximum of 40, to the New Year.

The following examples will illustrate how this works:

Example 1: Mary has a total of 40 hours (5 days) of unused vacation time at the end of the calendar year, she may carryover all 40 hours into the following year (beginning January 1).

Example 2: John has a total of 48 hours (6 days) of unused vacation time at the end of the calendar year, he may only carryover 40 of those hours into the following year (beginning January 1). The remaining 8 hours will no longer be available

Please note that once the maximum accrual amount is reached, no additional vacation time may be accrued until vacation time is used and the total hours available fall below the maximum. The table below lists the maximum accrual amounts based on years of service. The Company reserves the right to require employees to take time off at the discretion of management.

Years of Service	Maximum Vacation Accrual Hours Allowed (Includes Carryover Hours)
1	80
2 thru 9	120
10 thru 19	160
20	200

Vacation Benefits for Newly Hired Employees

Newly hired full-time employees will be eligible to begin using accrued vacation hours after six months of employment.

Requesting and Scheduling Time Off

To request time off, employees must submit a Time off Request in ADP Workforce Now. Instructions on how to submit a request is available on the ADP Workforce Now Homepage via the ‘[How to take Time Off Guide](#)’ or click on the following link: [Click Here](#). Employees are also encouraged to request assistance from your designated Human Resources representative. We understand that not all vacations are planned weeks in advance, however, please keep in mind that you are more likely to get your time off requests approved if you give at least 4-6 weeks advance notice as your immediate supervisor will have more time to plan for your absence and coordinate the assignment of your job duties. Although your Supervisor will make every reasonable effort to accommodate your request, there may be instances in which time off requests are denied based on departmental needs and/or other staffing issues.

Holidays: When a Paid Holiday occurs during scheduled Vacation Leave, eligible employees will be paid Holiday Leave time instead of Vacation Leave for that day, for the number of hours they are normally scheduled to work on the holiday, at their regular rate of pay.

For vacation accrual purposes, the Company will treat paid holiday hours as “hours worked” so employees may earn vacation time for those hours.

Sick Time: If an employee exhausts his/her sick time and requires additional time off, he/she will be required to use vacation hours for missed time until available vacation hours have been exhausted.

Sick time hours are not considered “hours worked,” therefore employees do not earn vacation time for these hours.

Other Types of Leave: All other types of leave, including, but not limited to, Workers Compensation, Disability, Family and Medical Leave, are not considered “hours worked,” therefore employees do not earn vacation time for those hours.

HOLIDAYS

All **full-time regular employees** are eligible for 6 paid holidays per year as follows:

- New Year’s Day
- Memorial Day
- July 4th
- Labor Day
- Thanksgiving
- Christmas

In order to get paid for a Company holiday, you must work the full day before and after the holiday unless you have received management approval to a leave request on either/both days.

Where a holiday falls on a weekend, it will be observed on either the preceding Friday or following Monday. A corporate memo will be released at the end of each year to communicate details of the holidays observed in the coming year.

Part-time and Project-Based employees are not eligible for holiday pay.

PERSONAL DAYS

The Company provides **full-time regular employees** who have completed 6 months of employment **1** personal day each year which 1 day can be used for any reason throughout the calendar year. A request for usage of Personal Day must be submitted to your manager at least 30 days prior to the date requested (unless need was unforeseen).

You must use personal days by December 31 of each year as unused personal days may not be carried over to the next calendar year. Employees will not be paid for unused personal days on termination unless required by state or local law.

Part-time and Project-Based employees are not eligible for personal leave.

SICK TIME POLICY

Eligibility

All regular Full-time Hourly and Salaried employees who have completed the 90 Day Introductory Period are eligible for paid sick time as outlined in the following Sick Time Accrual Schedules. Part-time and Project-Based employees are not eligible for sick leave unless required by state or local law.

Sick Time Accrual Schedules

Hourly (Non-Exempt) Employees

Sick Hours Earned Per Hour Worked	Sick Hours Earned Per Week (Based on 40 hours <u>worked</u>)	Maximum Sick Accrual Hours Per Year
.03	1.20	48

Salaried (Exempt) Employees

Hours Earned Per Week	Maximum Sick Accrual Hours Per Year
1.60	48

Carryover: You must use sick days by December 31, as they may not be carried over to the next calendar year and are not eligible for a compensation swap.

Sick time cannot be used as Vacation Time.

Medical Certification: For absences exceeding two days in length, the Company reserves the right to request a doctor's certificate or note. If such a certificate/note is requested and you cannot produce it, the absence may be considered unexcused, and you will not be paid for it.

Termination: Employees will not be paid for unused sick time at termination.

FLOATING HOLIDAY

Recognizing the diversity of our employee group, we want to provide an opportunity for our employees to celebrate religious, cultural or federal holidays that are important to them. In order to be fully inclusive, all full-time, regular employees will receive one (1) floating holiday per year in addition to L&R Distributors regular paid holidays. The floating holiday may only be used for a religious, cultural, or

federal holiday during which L&R Distributors remains open. Each Floating Holiday request is subject to manager's approval and business demands.

The federal, religious and cultural observances the floating holiday can be used for is:

Martin Luther King Day
Veteran's Day
President's Day
Christopher Columbus Day
Good Friday
Yom Kippur
Ramadan

New hires become eligible to receive one (1) Floating Holiday after 180 days from date-of-hire by L&R Distributors and are available at the beginning of each calendar year for all current employees.

Employees must specify the event for which they are requesting to use a floating holiday. The request must be scheduled and approved at least thirty (30) days in advance by the employee's immediate supervisor and the Human Resources department.

Floating holidays will not be carried over to the next calendar year, nor may they be paid out if not taken timely or paid upon termination of employment.

For instructions on how to submit the Floating Holiday in ADP WorkforceNow, please reference the '[How to take Time Off Guide](#)' on the ADP homepage or click on the following link: [Click Here](#)

VOLUNTEER TIME OFF POLICY (VTO)

On occasion, L&R Distributors (L&R) will partake in a company recognized community service initiative that will welcome the support of L&R employees. The intention of this policy is to create community engagement opportunities for L&R employees that are meaningful, purposeful and helps those in need. At the same time, L&R recognizes that participating in these activities will also enrich and inspire the lives of our employees. 'Community' is not defined as just local community, but may encompass a global perspective.

All full-time regular employees of L&R Distributors Inc. are eligible to participate in this program after 90 days from date-of-hire and must be in good standing. All regular full-time employees who elect to participate towards a company recognized community service event that falls on a weekend (Saturday or Sunday), will be rewarded up to one (1) day of Volunteer Time Off (VTO). The maximum amount of Volunteer Time Off an employee can earn is one (1) day per calendar year. The request must be scheduled and approved at least thirty (30) days in advance by the employee's immediate supervisor and the Human Resources department.

For instructions on how to submit Volunteer Time Off (VTO) in ADP WorkforceNow, please reference the '[How to take Time Off Guide](#)' on the ADP homepage or click on the following link: [Click Here](#)

COMMUNITY SERVICE DAYS - TIME OFF WITH PAY

In recognition of our ten principles, we want to institute a program around social responsibility as such. L&R Distributors will institute 'Community Service Days' as part of this initiative. Our Human Resources department will oversee employee participation in a wide range of activities that serve the community. With this in mind, the Company supports and encourages employees to get involved in the community by volunteering at events, both on-site and off-site.

Employees often volunteer during their personal time, but there are events throughout the year that occur during the work day.

The Community Service Days allow regular full-time (2) paid days off per year to perform community service activities during the regularly scheduled workweek. You will be paid up to the eight (8) hours. While you are not obligated in any way to perform community service under this program, however, we would like to extend the opportunity as a way for you to serve community organizations.

The request must be scheduled and approved at least thirty (30) days in advance by the employee's immediate supervisor and the Human Resources department.

Community Service time is defined as the contribution of time and work to an organization for the advancement, assistance or enrichment of the local community. To be eligible as service, the activity must be approved by the Human Resources department prior to the start of the activity, and must benefit the community in one of the following areas:

- Education
- Environment
- Health
- Human Services
- Animal Services
- Fine Arts and Music
- Other community-related organizations

To clarify, fundraising and fundraising events, walk-a-thons, or charity events are not approved community service events. Employees should choose a community service event where they are serving the community to advance, enrich, or assist a community-based organization. Additionally, L&R Distributors has a non-solicitation policy - please review this policy if you have questions regarding solicitations.

All regular full-time employees of L&R Distributors are eligible to participate in community service the first of the month following sixty (60) days of employment. The event date must occur on a normally scheduled work day, and the service must be of a minimum duration of six hours. You will be paid your normally scheduled hours for that day, even though you are taking time off for community service. Pay

for community service days will not be considered as hours worked in the calculation of overtime pay. Community service days must be used within the calendar year, and may not be carried over from one year to the next.

Community Service:

To plan for your community service days, we ask that you read this policy to understand what is classified as a community service event. Here, we give you some examples of what would be acceptable events to count towards your two paid days of service, and what would be unacceptable.

Acceptable:

- Anything at a 501(c)3 not-for-profit organization such as the SPCA, United Way agencies, PARC, Goodwill, Salvation Army, Pinellas Education Foundation, CASA, Habitat for Humanity, etc. that doesn't involve fundraising.
- Chaperoning for your child's field trip or in his/her class (pre-school or K-12) - this supports education.
- Public beach and park clean-ups that are approved by the Human Resources department.

Unacceptable:

- Anything in which money is involved. We do not accept working for fundraisers, telethons, participating in marathons or walkathons.
- Anything involving your church, which you already would be doing on a regular basis. Working at a church fair, volunteering at youth group, etc. is not acceptable under our guidelines. The only time when volunteering at a church is acceptable is if it's in a soup kitchen, public park clean-up or some type of event that you wouldn't be participating in because you are a member of that church (such as volunteering at a homeless shelter).
- Donating blood is not an acceptable community service event.

If you have questions about what may qualify as acceptable community service, please contact Human Resources. You may use your community service days for preapproved and planned L&R Distributor group activities or you may apply to volunteer at an organization as an individual or small group event.

L&R Distributors Group Community Activities

The Human Resources department will plan a number of events each year where L&R Distributor employees can volunteer to help a designated community agency. These events will be announced in the monthly newsletter, and you will be able to sign up as a volunteer for those events. As stated, -the request must be scheduled and approved at least thirty (30) days in advance by the employee's immediate supervisor and the Human Resources department.

For instructions on how to submit a Community Service Day in ADP WorkforceNow, please reference the 'How to take Time Off Guide' on the ADP homepage or click on the following link: [Click Here](#)

BEREAVEMENT LEAVE:

In the event of the death of an immediate family member, all full-time regular employees employed by L&R Distributors for a minimum of ninety (90) days will be eligible for up to three (3) days paid bereavement leave to only be used within fourteen (14) calendar days immediately following the death. The Bereavement leave provides time for an employee to grieve and to handle matters related to a death in their family.

For purposes of this policy “immediate family” is defined as: mother, father, foster parents, husband, wife, father-in-law, mother-in-law, sister, brother, son, daughter, grandparents, grandchildren, stepparent, stepchild and foster children.

L&R Distributors Bereavement Leave may only be used once within a 12-month calendar period. Additional days may be granted if special circumstances warrant. If more time is needed, accrued unused leave may be used for this purpose. The employee must notify their supervisor of a need for bereavement leave as soon as possible.

L&R Distributors reserves the right to require proof of death and familial relationship.

MILITARY LEAVE

Pursuant to the Uniformed Services Employment and Reemployment Rights Act (USERRA), the Company prohibits discrimination against persons because of their service in the Armed Forces, the Army National Guard and the Air Force National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or emergency.

VOTING

Employees who are eligible to vote but do not have sufficient time outside of regular working hours to vote in a statewide election, may request time off to do so. The time off will be without pay. Such time off will be granted at your supervisor’s discretion. The Company will adhere to all state specific regulations.

JURY DUTY

The Company supports employees in fulfilling their civic responsibilities by serving jury duty when required. State law will determine the eligibility status for payment of wages (if applicable.)

Employees must inform their supervisor as soon as possible after receiving a jury summons so that arrangements can be made to accommodate your absence. You will be expected to report for work during your jury service whenever the court schedule permits.

PERSONAL LEAVE POLICY (Unpaid)

Objective

In an effort to recognize the need of employees who require time off in addition to other types of leave,

L&R Distributors may consider an unpaid personal leave of absence without pay for up to a maximum of 30 days. Unpaid personal leaves are limited to one per year.

Eligibility

All regular employees employed by L&R Distributors for a minimum of 90 days are eligible to apply for an unpaid personal leave of absence. Job performance, absenteeism and departmental requirements all will be taken into consideration before a request is approved.

Approvals of the department head and Corporate Human Resources are required. Requests for unpaid personal leave may be denied or granted by the Company for any reason or no reason and are within the sole discretion of the Company. While the Company will make every effort to hold the employee's position, the Company reserves the right to terminate employment for any reason or no reason during the leave of absence.

Employee must use up all of their available time off (PTO) hours and any federal or state mandated leave (paid or unpaid) available before requesting an unpaid personal leave of absence

Procedures:

Employee

An eligible employee should submit a request for personal leave; in writing, to his or her immediate supervisor. The requesting employee will be asked to acknowledge in writing his or her understanding that all requests for personal leaves are not granted.

Supervisor

The immediate supervisor will:

- Review the request taking workload scheduling and departmental requirements into consideration.
- Make a recommendation to and obtain a decision from the department head.
- Submit the department-level decision to human resources for final approval.
- Return a decision to the employee as soon as feasible after receipt of the written request.
- Once the employee returns, the supervisor should notify Human Resources, returning the employee to active status.

Payroll

Payroll is responsible for ensuring that any employee on an approved personal leave of absence is not paid.

Benefits

If an employee elected health coverage, the benefit will be continued in the same manner as received prior to the leave, if the leave is for 30 days or less, the employee will be expected to remit payment for the entire health insurance premium prior to departing for unpaid personal leave, and in an amount equivalent to the expected period of absence. If employee's leave extends over 30 days, for whatever reason, employee will be notified of their rights under COBRA. If the employee fails to make such arrangements prior to the effective date of the leave, the benefit will terminate on such date.

Return to Work/Extension of Leave

An employee is required to return from the unpaid personal leave on the originally scheduled return date. If the employee is unable to return, he or she must request an extension of the leave in writing before the scheduled return date. If the Company declines to extend the leave, the employee must then return to work on the originally scheduled return date or be considered to have voluntarily resigned from his or her employment. Extensions of leave will be considered on a case-by-case basis.

HEALTH and DENTAL BENEFITS

Health insurance is available to employees who are working on a regular schedule for 30 hours or more per week.

Eligible employees electing to enroll will receive medical, dental, and vision coverage effective the first day of the succeeding month after completing 60 days of employment.

The Company uses an ACA lookback period of 12 months. Any part-time employee will be notified by Human Resources if their average weekly hours qualify them for medical, dental, and vision benefits.

Health Plan options may vary based on the section of the country you are located. Eligible employees will receive a state specific Benefits Guide that will outline the benefits offered in your area.

Upon hire, you will receive materials that will outline the following:

- *Company Premium Contribution (if applicable)*
- *Employee Premium Cost per Week*
- *Health Plan Option(s) Available (Including Enrollment Packet and Forms)*
- *Description of Benefits (Including Co-pay amounts)*

Your manager and Human Resources are available to assist you with any questions you may have.

The Company reserves the right to add, amend, modify or terminate any employee benefit plans or programs which are not required by Federal or State Law.

401k PLAN

Employees are encouraged to participate in our 401K Retirement Savings Plan. Contributions into the 401K plan will be taken by per-pay-check payroll deduction on a pre-tax or post-tax (Roth) method based on an employee's designation.

Eligibility to participate is based on an employee's full or part time status with the Company defined as follows:

- Full Time Employees: eligible to participate on the first of the month following 60 days of employment
- Part Time Employees: eligible to participate after fulfilling 12 months of service and have worked at least 1,000 hours

Employees must be at least 21 years old to participate in our 401K plan.

When eligible, employees will be automatically enrolled into our 401K plan at a standard rate of 4%. Detailed information regarding our 401(k) plan, including more information pertaining to the Company's match, vesting schedule, and opting out, can be obtained by contacting Corporate Human Resources.

FAMILY MEDICAL LEAVE ACT

Basic Leave Entitlement – FMLA requires covered employers to provide up to 12 weeks of unpaid, job-protected leave to eligible employees for the following reasons:

- For incapacity due to pregnancy, prenatal medical care or child birth;
- To care for the employee's child after birth, or placement for adoption or foster care;
- To care for the employee's spouse, son or daughter, or parent, who has a serious health condition; or
- For a serious health condition that makes the employee unable to perform the employee's job.

Eligibility Requirements – Employees are eligible if they have worked for a covered employer for at least one year, for 1,250 hours over the previous 12 months, and if at least 50 employees are employed by the employer within 75 miles.

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

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

Military Family Leave Entitlements – Eligible employees with a spouse, son, daughter, or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain

financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered service member during a single 12-month period. A covered service member is a current member of the Armed Forces, including a member of the National Guard or Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the service member medically unfit to perform his or her duties for which the service member is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list.

A covered service member also includes veterans who are undergoing medical treatment, recuperation or therapy for serious injury or illness that occurred in the line of duty while on active duty or that existed prior to the beginning of active duty and was aggravated by service in the line of duty on active duty, and who were members of the Armed Forces, including the National Guard or Reserves, at any time during the five years preceding the date of treatment, recuperation, or therapy.

Amount of Leave – An eligible employee is entitled to up to 12 workweeks of unpaid leave during a 12-month period for the reasons set forth above. The 12-month period is a rolling 12-month period measured backwards from the date an employee uses any FMLA leave.

An eligible employee can take up to 26 weeks for military caregiver leave during a single 12-month period. For military caregiver leave, the Company will measure the 12-month period as a 12-month period measured forwards. FMLA leave already taken for other FMLA circumstances will be deducted from the total of 26 weeks available.

Use of Leave – An employee does not need to use this leave entitlement in one block. Leave can be taken intermittently or on a reduced leave schedule when medically necessary. Employees must make reasonable efforts to schedule leave for planned medical treatment so as not to unduly disrupt the employer's operations. Leave due to qualifying exigencies may also be taken on an intermittent basis.

Benefits and Protections – During FMLA leave, the employer will maintain the employee's health coverage under any "group health plan" on the same terms as if the employee had continued to work. Upon return from FMLA leave, employees will be restored to their original or equivalent positions with equivalent pay, benefits, and other employment terms unless that position has been eliminated during the employee's leave. Use of FMLA leave cannot result in the loss of any employment benefit that accrued prior to the start of an employee's leave.

Substitution of Paid Leave for Unpaid Leave – FMLA will run concurrently with workers' compensation or disability benefits, as well as any accrued paid leave time.

For all other types of FMLA leave, employees are required to apply all paid leave towards unpaid FMLA leave. During FMLA leave, employees must comply with the employer's normal paid leave policies.

Employee Responsibilities – Employees must provide 30 days' advance notice of the need to take FMLA leave when the need is foreseeable. When 30-day notice is not possible, the employee must provide notice as soon as practicable and generally must comply with an employer's normal call-in procedures.

The Genetic Information Nondiscrimination Act of 2008 (GINA) prohibits employers and other entities covered by GINA Title II from requesting or requiring genetic information of an individual or family

member of the individual, except as specifically allowed by this law. To comply with this law, we are asking that you not provide any genetic information when responding to this request for medical information.

Employees must provide sufficient information for the employer to determine if the leave may qualify for FMLA protection, as well as the anticipated timing and duration of the leave. Sufficient information may include: that the employee is unable to perform job functions; that the family member is unable to perform daily activities; that there is a need for hospitalization or continuing treatment by a health care provider; or that circumstances support the need for military family leave. Employees also must inform the employer if the requested leave is for a reason for which FMLA leave was previously taken or certified. Employees also may be required to provide a certification and periodic recertification supporting the need for leave. For further information, employees should contact the Human Resources Department.

Additional Information – L&R Distributor’s policy and applicable law prohibit any interference with, restraint, or denial of any right provided under FMLA and prohibit discrimination against any person for opposing any practice made unlawful by FMLA or for involvement in any proceedings under or relating to FMLA. For more information or if an employee believes their rights under the FMLA have been violated, please notify the Human Resources Department immediately.

STATE SPECIFIC PAID FAMILY LEAVE LAWS

Certain states have mandated Paid Family Leave laws that provide eligible employees with paid leave for various family related reasons. If the state an employee resides in offers mandated Paid Family Leave, the details will be outlined in the state specific Handbook Addendum.

NURSING MOTHERS POLICY

The Company provides to employees who are nursing with unpaid break time during the work day in order to express breast milk. Employees who are nursing will be provided this break time policy for up to three years after the birth of the employee’s child. Non-exempt employees must record time to and from this break time.

An employee must inform the Human Resources of their intention to use this break time. The Company will make “reasonable efforts” to provide a nearby private room for lactation breaks. So that proper arrangements can be made, employees wishing to nurse in the workplace must provide the Human Resources Department with advance notice. Such notice is expected to be provided prior to the employee’s return to work following the birth of a child.

No employee will be subject to discrimination or retaliation for exercising their rights under this policy. Any employee who believes she has experienced discrimination or retaliation should contact the Human Resources Department.

BONE MARROW DONATION

Employees who work an average of at least 20 hours per week are eligible for up to 24 unpaid work hours of leave for time off to donate bone marrow during any 12-month period. An employee must provide advance notice to his/her manager of his/her intention to take this leave. L&R Distributors will not retaliate against any employee who requests or takes a leave of absence to donate bone marrow. Employees may use unused paid leave for this purpose.

DONATING BLOOD

Employees who work an average of at least 20 hours per week are eligible for up to 3 hours of unpaid leave during any 12-month period for time off to donate blood. An employee must provide advance notice to his/her Manager of his/her intention to take this leave. L&R Distributors will not retaliate against any employee who requests or takes a leave of absence to donate blood. Employees may use accrued paid time off for this purpose.

COBRA

L&R Distributors adheres to all requirements of the Consolidated Omnibus Budget Reconciliation Act (COBRA) as they apply to our employees. Should employees lose their health care coverage under our health care plan as the result of a qualifying event, employees, covered spouses and dependent children will be given the opportunity to purchase coverage as group members for the legally specified period of time following the loss of coverage.

Qualifying events include, termination, reduction in hours, divorce or legal separation, death of the employee, eligibility for Medicare, or loss of dependent child status under the plan. All administrative rules and processes, such as open enrollment periods, as well as changes in plan benefits and premiums, apply to those on continuation coverage.

Although employees' right to elect continuation coverage occurs upon the happening of a qualifying event, coverage is not automatic. Employees and employees' spouses and dependents must make an affirmative election of coverage before coverage will begin. An election form will be sent with the notice of eligibility. The election must be made within 60 days of the date coverage is lost or the date that the notice of eligibility is sent, whichever is later. An election is considered to have been made on the date employees send in the election form or a letter indicating an election is being made.

Employees are eligible for continuation coverage if terminated from employment for any reason other than for gross misconduct, or if a reduction in hours results in the loss of coverage under our group health plan. Continuation coverage will be available for 18 months from the date of termination or reduction in hours for employees, employees' spouses, and dependent children. Under certain circumstances, including divorce and dependent children reaching 26 years of age, dependents may be entitled to coverage for up to 36 months.

HIPPA - HEALTH INFORMATION PRIVACY POLICY

The Company sponsors a group healthcare plan that is subject to the Health Insurance Portability and Accountability Act (HIPAA). On the basis of that law, privacy regulations now apply to certain protected health information. The Company has adopted the following policy to comply with these regulations. This medical privacy policy will continue to apply to medical information, and the Company will comply with all other federal and state laws concerning medical privacy.

The Company generally only performs enrollment, changes in enrollment, and payroll deductions, and to the extent it obtains HIPAA-protected health information (PHI), it will maintain that information in confidence. Specifically, health insurance information will not be used or disclosed for employment-related actions and decisions leave.



LEAVING THE COMPANY

LEAVING THE COMPANY

EMPLOYMENT TERMINATION

Termination of employment is an inevitable part of personnel activity within any organization, and many of the reasons for termination are routine. Some of the most common circumstances under which employment is terminated include resignation, discharge, layoff and retirement.

L&R Distributors will make every effort to conduct exit interviews at the time of employment termination. The exit interview affords an opportunity to discuss such issues as employee benefits, conversion privileges, and/or return of L&R Distributors-owned property. Since employment with L&R Distributors is based on mutual consent, both the employee and L&R Distributors have the right to terminate employment at-will, with or without cause, at any time. Employees will receive their final pay in accordance with applicable state laws.

Employee benefits will be affected by employment termination. Once all the relevant data is collected and reviewed, all accrued vacation time and vested benefits that are due and payable at termination will be paid. Some benefits may be continued at the employee's expense if the employee so chooses. The employee will be notified in writing of the benefits that may be continued and of the terms, conditions and limitations of such continuance.

Employment with the Company is based on mutual consent, both the employee and the employer have the right to terminate employment at will, with or without cause, or advance notice at any time. Terminations are a part of any Company and many of the reasons for termination are routine. Below are examples of some of the most common circumstances under which employment is terminated:

- **RESIGNATION** - employment termination initiated by an employee who chooses to leave the Company voluntarily.
- **DISCHARGE** - employment termination initiated by the Company.
- **LAYOFF** - employment termination initiated by the Company for non-disciplinary reasons.
- **JOB ABANDONMENT** – Any employee who fails to show for two (2) consecutive work shifts without notifying management will be considered to have voluntarily resigned (quit).
- **RETIREMENT** - voluntary retirement from active employment status initiated by the employee.

Employees will receive their final pay in accordance with applicable state laws.

Employee benefits will be affected by employment termination. If enrolled at the time of separation, employees may continue their health benefits at their own expense. Employees with health coverage will be notified in writing of the terms, conditions, and limitations of such continuance under COBRA.

RESIGNATION

Resignation is a voluntary act initiated by the employee to terminate employment. Although advance notice is not required, at least two (2) weeks' notice is customary. L&R Distributors retains the right to forego the notice period and end the employment relationship at any time after resignation. In the event of a resignation, the employee nullifies the benefit of being paid for accrued time off upon separation if L&R Distributors does receive at minimum a one-week notice. Prior to an employee's departure, an exit interview will be scheduled to discuss the reasons for resignation and the effect of the resignation on

benefits. If an employee does not provide adequate advance notice as requested, the employee may not be considered eligible for rehire, at the Company's discretion.

REDUCTION IN FORCE

The Company endeavors to provide stable employment to employees in good standing. From time to time however, a reduction in the work force may be necessary due to bona fide business reasons.

RETURN OF PROPERTY

Employees are responsible for all property, materials or written information issued to them or in their possession or control. All employees on or before their last day of work; must return all Company property in their possession.

REHIRE OF FORMER EMPLOYEES

Employees may be considered for rehire after separation of employment if the employee left the Company in good standing. A former employee will be considered for employment as any other applicant for an available position, therefore, there is no guarantee of reemployment.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT

I hereby acknowledge I have received a copy of the L&R Distributors Employee Handbook outlining the benefits, rules and regulations of the Company. I further acknowledge that I will read the contents of the Handbook and contact Human Resources or my Manager with any questions and will abide by all policies.

I consent to viewing the Employee Handbook on a Company secure internet connection or to receive a copy via email from Human Resources. I understand I can access this information at any time from a computer with an internet connection. I can withdraw this consent at any time by notifying Human Resources in writing or via email. I have a right to request and obtain a paper version of the Employee Handbook from Human Resources at any time.

I understand L&R Distributors reserves the right to change or terminate any of the policies, programs or benefits outlined in this Handbook and may do so without prior notice.

I understand that I may not reproduce or distribute the Company Employee Handbook in any manner or format.

L&R Distributors follows a policy of "employment at will." Accordingly, this Employee Handbook is not intended to be a contract of employment or a warranty of benefits.

I understand the Company reserves the right to make a final interpretation of the terms and conditions of the policies set forth in this Handbook.

I understand if I fail to follow any policy I may be terminated from employment. I understand that I may be suspended without pay during any investigation with which I am involved.

I understand any questions I have should be directed to my Manager or Human Resources.

Employee Name (Please Print)

Employee Signature

Date

L&R DISTRIBUTORS, INC.

Anticorruption Policy

Appendix A: Employee and Representative Annual Compliance Certification Form

I, _____ have received and read a copy of L&R’s Anticorruption Policy (the “Policy”). I understand that the Policy applies to all directors, officers, and employees of L&R, wherever located, (collectively, “Employees”) and L&R’s agents, consultants, intermediaries, joint venture partners, and any other third-party representatives when acting on L&R’s behalf (collectively, “Representatives”). I understand the requirements of the Policy, the FCPA (collectively, “the Anti-Corruption Laws”) and my obligation to comply with these requirements. I agree to conduct all actions with respect to my employment or engagement with L&R in full compliance with the Policy and the Anti-Corruption Laws, as well as any other applicable anti-corruption laws. I understand that adherence to the Policy and the Anti-Corruption Laws is a condition of my employment or engagement with L&R. I further understand that if I violate the Policy, the Anti-Corruption Laws, or any other applicable anti-corruption laws, I will be subject to appropriate disciplinary and remedial sanctions up to and including immediate termination and possible legal action by L&R.

I understand that if I have questions concerning the meaning or application of the Policy, the Anti-Corruption Laws, or other anti-corruption laws applicable to my employment or engagement with L&R, I should address these questions to L&R’s Chief Financial Officer.

I certify that, as of today, I know of or suspect no violations of the Policy, the Anti-Corruption Laws, or other anti-corruption laws other than those reported below.

I have described below any and all violations of the Policy, the Anti-Corruption Laws, or other anti-corruption laws that I know or suspect to have occurred, to be ongoing, or are likely to occur in the future.

____ **OR** I have nothing to report.

Note that your electronic signature on this document constitutes your binding agreement to adhere to the terms of the Policy.

Signature

Date

Name (please print or type)

Title

L&R DISTRIBUTORS, INC.
Anticorruption Policy
Appendix B: Gifts and Hospitality Approval and Reporting Form

Please attach supporting documents and/or additional pages to provide full responses.

Employee Name:	
Approval requested for: Gift <input type="checkbox"/> Hospitality (including travel) <input type="checkbox"/> Government Official recipient? Yes <input type="checkbox"/> No <input type="checkbox"/> Pre-approval required?* Yes <input type="checkbox"/> No <input type="checkbox"/>	
Name and title/position of recipient(s)/or offeror (if you are the recipient):	
Name of recipient's/offeror's employer:	
Full description of gift/hospitality (including location and other participants):	
Total value/cost of gift/hospitality (if the cost is not known this should be estimated) and basis for determining such value (attach related documentation to this form):	
Nature and value of other gifts/hospitality provided to the recipient/by the offeror in the past 12 months:	
Date of proposed gift/hospitality, if known:	
Business purpose/justification for such gift/hospitality:	
Are you aware of any current, proposed or anticipated business between L&R and the recipient or the recipient's/offeror or the offeror's employer? If yes, please explain:	
Does the recipient, including you, have authority to directly or indirectly impact L&R or L&R's business? If yes, please describe.	
Are you aware of any pending Company transaction involving the recipient/recipient's or offeror/offeror's employer? If yes, please describe.	
Any additional comments or relevant information to be considered?	

** **Pre-approval** is required for (1) giving Gifts or Hospitality to Government Officials in any amount, and (2) giving/receiving Gifts and Hospitality to/from Commercial Counterparties for any amount.*

I confirm that, so far as I am aware, the above details are complete and correct and that I shall notify the Chief Financial Officer of any additions and/or changes in the information given at the time that they arise.

Print name:	Date:
Signature:	

Chief Financial Officer Determination:

Approved

Rejected

Print name:	Date:
Signature:	
Rationale for Approval/Rejection:	

L&R DISTRIBUTORS, INC.
Anticorruption Policy

Appendix C: Foreign Third Parties Pre-Approval Form

Completed by: _____ **Date:** _____

INFORMATION ABOUT REQUEST

1. Please provide your name and position.

Name	Position/Title

2. Identify the prospective Third Party.⁶

Name of Entity and Contact Person	Address and Contact Information

3. What would be the nature of the relationship/agreement with the prospective Third Party?

Promoter	Joint Venture Partner	Customs Broker/Freight Forwarder
Sales Agent	Consortium Partner	Service Provider (tax, legal, financial, etc.)
Consultant	Distributor	Supplier
Other		

4. Please explain in detail the purpose for retaining the Third Party.

5. Please list the countries in which the prospective Third Party is expected to perform services with or on behalf of L&R.

6. Was the prospective Third Party recommended by a Foreign Official⁷?

Yes

No

If yes, please explain.

⁶ As defined in Anticorruption Policy of L&R (the "Policy").

⁷ As defined in the Policy.

14. Is the prospective Third Party being retained for a legitimate business purpose and not to induce a Foreign Official to grant L&R some improper business advantage?

Yes

No

15. Please list the name and information of the bank or financial institution and any accounts used by prospective Third Party for purposes of receiving payment from, or otherwise transacting business with L&R.

I have personally reviewed the foregoing information on this Foreign Third-Party Pre-Approval Form and believe it is true and accurate.

Direct Supervisor of the Requester:

Name

Signature

Date

[Insert appropriate contact]:

Name

Signature

Date

Attach any other approvals, background information or legal opinions obtained in connection with the proposed Third Party. Please submit this form to L&R's Chief Financial Officer.

L&R Distributors, Inc.
Anticorruption Policy

Appendix D: Foreign Third Parties Due Diligence Questionnaire

1. Provide your Company's name, address, principal place of business, telephone and facsimile numbers, and website.
2. Provide the name, location, and contact information of the individual(s) at your Company who will serve as the principal business contact(s) for L&R.
3. Describe the primary types of business in which your Company engages and the lengths of time in which your Company has engaged in such types of business.
4. List all countries in which your Company currently does business.
5. Identify all Company officers and directors.
6. List all parent companies—up to and including the ultimate parent—and the primary business location of each.
7. List all owners of the Company and their percentage of ownership. If the Company is publicly traded, all shareholders holding 5% or more interest must be listed individually.
8. If the Company is wholly owned or parent-controlled, list all owners of the parent-level company. If the parent is publicly traded, list all shareholders holding 5% or more interest.
9. Please identify any Company officers, directors, employees, or owners (including any shareholders holding 5% or more interest) who are employees or representatives of any Public Sector⁸ entities.
10. List all subsidiaries or affiliates of your Company and their primary business locations.
11. Has the Company, any owner with a greater than 5% interest, director, officer, employee, or agent of the Company or any of its affiliates ever been officially charged, convicted, or found responsible (criminally or civilly) with respect to any allegations involving bribery, corruption or fraud? If the Company may not lawfully hold, collect, or provide the personal data requested in any question in this questionnaire, provide an explanation response to any such questions.
12. In furtherance of the Company's business dealings with L&R, describe the Public Sector entities or individuals with which the Company may interact, their locations, and the nature of such interactions.
13. Will the Company use non-employee contractors or agents in the normal course of its business with L&R? If so, will they interact with Public Sector employees or officials during this engagement, please list each and describe the nature of that interaction.

⁸ As used in this document, "Public Sector" refers to any governmental function, including law enforcement, judiciary, civil service, military, border control, tax collection, utilities, healthcare, and employment regulation, to name a few. It also connotes governmental control or ownership, including of for-profit commercial entities, such as airlines, banks, energy concerns, or industrial manufacturers, even if those entities are also publicly traded.

14. Has the Company performed any due diligence on such non-employee contractors? Please explain.
15. Does any officer, employee, agent, or representative of any Public Sector organization have any interest in or stand to benefit in any way as a result of the Company's business dealings with L&R? List each such individual and their Public Sector organization, and describe the nature of each individual's interest or the manner in which he or she will stand to benefit.
16. Will any portion of the payments received from L&R related to Public Sector business be split or shared by the Company with, or paid to, any other person or entity, other than Company employees compensated in the normal course of Company business? This includes payments made in the form of fees, commissions, kickbacks, bribes, or other remuneration. List each such individual or entity that will share a portion of the payments received from L&R.
17. Does the Company, its bank or financial institution, or any associated account holder appear on any Specially Designated National with any persons or entities included on the U.S. Treasury Department's Specially Designated Nationals ("SDN") or Blocked Persons Lists?
18. In the Company's business dealings with the Public Sector related to the Company's work with L&R, has the Company or will the Company (or any of its agents or employees) provide gifts, meals, entertainment, or travel to any Public Sector employees, or members of their immediate families? Describe.
19. Did any officer, employee, agent or representative of any Public Sector organization refer the Company to L&R? List each such individual and their Public Sector organization.
20. Does the Company currently have a code of conduct? If so, does that code of conduct address employee or non-employee contractor interactions with the Public Sector? Please provide a copy of the code of conduct and any additional information on the Company's anti-corruption program (including any training or additional controls).
21. Does the Company understand the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and the Corruption of Foreign Public Officials Act and L&R's Anticorruption Policy and agree to abide by the Policy, the FCPA, the U.K. Bribery Act, and the Canadian Corruption of Foreign Public Officials Act, and all other applicable laws in the performance of services for L&R?

Completed By:

Name: _____

Signature: _____

Position: _____

E-mail: _____

Phone _____

Date _____

L&R DISTRIBUTORS, INC.
Anticorruption Policy
Appendix E: Mandatory Anti-Bribery Provisions in Third Party Contracts

The following anti-bribery contract provisions should be included in all Third Party Contracts or included in the pre-printed terms and conditions on any company purchase order, order confirmation, or invoice. Any modifications must be approved by L&R's Chief Financial Officer.

COMPLIANCE WITH ANTI-CORRUPTION LAWS. The Third Party acknowledges that L&R's policies require that it must comply at all times with the United States Foreign Corrupt Practices Act ("FCPA") and the local laws and regulations of the countries in which any aspect of this agreement will take place relating to the offer or payment of money or other items of value to government employees (collectively, "the Anticorruption Laws"). The Third Party agrees to strictly comply, and to require that any person acting on the Third Party's behalf strictly comply, with L&R's Anticorruption Policy, and the Anticorruption Laws.

MATERIAL BREACH AND TERMINATION. The Third Party acknowledges that its failure to strictly comply with the Policy, the Anticorruption Laws, or other anti-corruption laws relating to the payment of money or other items of value to private or public employees will constitute a material breach of the Agreement, enabling L&R to immediately terminate the Agreement without liability to the Third Party, whether in contract or tort or otherwise.

AUDIT RIGHTS. L&R and its representatives shall be entitled, at any time, to request, review and audit, at L&R's expense, those books and financial records of the Third Party, including records of the Third Party's bank accounts and accounts at other financial institutions in any country sufficient to satisfy L&R, in its sole and exclusive discretion, that no violation of L&R's anticorruption policy, the Anticorruption Laws or any other applicable anti-corruption laws has occurred or may be occurring. These rights do not expire at the termination of this Agreement.

L&R DISTRIBUTORS, INC.
Anticorruption Policy
Appendix F: Charitable Contributions Approval and Reporting Form

Please attach supporting documents and/or additional pages to provide full responses.

Employee Name:	
Foreign charitable organization? Yes <input type="checkbox"/> No <input type="checkbox"/> Pre-approval required?* Yes <input type="checkbox"/> No <input type="checkbox"/>	
Name of charity:	
Full description of charity's mission and purpose:	
Total value/cost of charitable donation (if the cost is not known this should be estimated) and basis for determining such value (attach related documentation to this form):	
Nature and value of other donations to the charity in the past 12 months:	
Are you aware of any current, proposed or anticipated business between L&R and anyone associated or affiliated with the Charity? If yes, please explain:	
Does the charity, have the potential to directly or indirectly impact L&R or L&R's business? If yes, please describe.	
Additional comments/relevant information?	

* **Pre-approval** is required for charitable donations in foreign countries for any value.

I confirm that, so far as I am aware, the above details are complete and correct and that I shall notify the Chief Financial Officer of any additions and/or changes in the information given at the time that they arise.

Print name:	Date:
Signature:	

Chief Financial Officer Determination:

Approved Rejected

Print name:	Date:
Signature:	
Rationale for Approval/Rejection:	

L&R DISTRIBUTORS, INC.
International Trade and Anti-Money Laundering Policy

Appendix A: Employee and Representative Annual Compliance Certification Form

I, _____ have received and read a copy of the International Trade and Anti-Money Laundering Policy (the "Policy"). I understand that the Policy applies to all directors, officers, and employees of L&R, wherever located, (collectively, "Employees") and L&R's agents, consultants, intermediaries, joint venture partners, and any other third-party representatives when acting on L&R's behalf (collectively, "Representatives"). I understand the requirements of the Policy and my obligation to comply with the laws and regulations to which it refers—including sanctions administered by the U.S. Department of the Treasury Office of Foreign Assets Control ("OFAC"), export controls, and anti-money laundering ("AML") laws and regulations (collectively, "International Trade Laws"). I agree to conduct all actions with respect to my employment or engagement with L&R in full compliance with the Policy and International Trade Laws. I understand that adherence to the Policy and International Trade Laws is a condition of my employment or engagement with L&R. I further understand that if I violate the Policy, International Trade Laws, or any other applicable international trade or sanctions laws, I will be subject to appropriate disciplinary and remedial sanctions up to and including immediate termination and possible legal action by L&R.

I understand that if I have questions concerning the meaning or application of the Policy, or International Trade Laws applicable to my employment or engagement with L&R, I should address these questions to L&R's Chief Financial Officer.

I certify that, as of today, I know of or suspect no violations of the Policy or International Trade Laws other than those reported below.

I have described below any and all violations of the Policy or International Trade Laws that I know or suspect to have occurred, to be ongoing, or are likely to occur in the future.

____ **OR** I have nothing to report.

Note that your electronic signature on this document constitutes your binding agreement to adhere to the terms of the Policy.

Signature

Date