

Lourenco Backhoe, Inc.
Employee Handbook

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INTRODUCTION

Lourenco Backhoe, Inc. (the "Company") is pleased to have you as one of our employees. We believe that you will find your employment with us to be both rewarding and challenging.

This Employee Policy Handbook sets forth the policies applicable to all employees. It contains the major policies and procedures. The terms of individual written employment contracts supersede the policies contained herein to the extent the written contract is inconsistent with this handbook.

We ask you to read and familiarize yourself with the policies in this Employee Policy Handbook.

If you have any questions concerning the contents of this handbook, please consult your supervisor.

Welcome to the company.

Chapter 1

EMPLOYMENT POLICIES

Harassment, Discrimination and Retaliation Prevention

Lourenco Backhoe, Inc. is an equal opportunity employer. The Company is committed to providing a work environment free of harassment, discrimination, retaliation, and disrespectful or other unprofessional conduct based on:

- Race
- Religion (including religious dress and grooming practices)
- Color
- Sex/gender (including pregnancy, childbirth, breastfeeding or related medical conditions), sex stereotype, gender identity/gender expression/transgender (including whether or not you are transitioning or have transitioned), and sexual orientation
- National origin (including language use restrictions and possession of a driver's license issued under vehicle code section 12801.9)
- Ancestry
- Physical or mental disability
- Medical condition
- Genetic information/characteristics
- Marital status/registered domestic partner status
- Age (over 40)
- Military and veteran status
- Or any other basis protected by federal, state or local law or ordinance or regulation.

It also prohibits discrimination, harassment, disrespectful or unprofessional conduct based on the perception that anyone has any of those characteristics, or is associated with a person who has or is perceived as having any of those characteristics.

In addition, the Company prohibits retaliation against individuals who raise complaints of discrimination or harassment or who participate in workplace investigations.

All such conduct violates Company policy.

Harassment Prevention

Lourenco Backhoe, Inc.'s policy prohibiting harassment applies to all persons involved in the operation of the Company. The Company prohibits harassment, disrespectful or unprofessional conduct by any employee of the Company, including supervisors, managers and co-workers. The Company's anti-harassment policy also applies to vendors, customers, independent contractors, unpaid interns, volunteers, persons providing services pursuant to a contract and other persons with whom you come into contact while working.

Prohibited harassment, disrespectful or unprofessional conduct includes, but is not limited to, the following behavior:

- Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations, comments, posts or messages;
- Visual displays such as derogatory and/or sexually-oriented posters, photography, cartoons, drawings or gestures;
- Physical conduct including assault, unwanted touching, intentionally blocking normal movement or interfering with work because of sex, race or any other protected basis;
- Threats and demands to submit to sexual requests or sexual advances as a condition of continued employment, or to avoid some other loss and offers of employment benefits in return for sexual favors;
- Retaliation for reporting or threatening to report harassment; and
- Communication via electronic media of any type that includes any conduct that is prohibited by state and/or federal law or by company policy.

Sexual harassment does not need to be motivated by sexual desire to be unlawful or to violate this policy. For example, hostile acts toward an employee because of his/her gender can amount to sexual harassment, regardless of whether the treatment is motivated by sexual desire.

Prohibited harassment is not just sexual harassment but harassment based on any protected category.

Non-Discrimination

Lourenco Backhoe, Inc. is committed to compliance with all applicable laws providing equal employment opportunities. This commitment applies to all persons involved in Company operations. The Company prohibits unlawful discrimination against any job applicant, employee or unpaid intern by any employee of the Company, including supervisors and coworkers.

Pay discrimination between employees of the opposite sex or between employees of another race or ethnicity performing substantially similar work, as defined by the California Fair Pay Act and federal law, is prohibited. Pay differentials may be valid in certain situations defined by law. Employees will not be retaliated against for inquiring about or discussing wages. However, The Company is not obligated to disclose the wages of other employees.

Anti-Retaliation

Lourenco Backhoe, Inc. will not retaliate against you for filing a complaint or participating in any workplace investigation and will not tolerate or permit retaliation by management, employees or coworkers.

Complaint Process

If you believe that you have been the subject of harassment, discrimination, workplace bullying, retaliation or other prohibited conduct, bring your complaint to your supervisor or to the Administrator as soon as possible after the incident. You can bring your complaint to any of these individuals. If you need assistance with your complaint, or if you prefer to make a complaint in person, contact the Administrator. Please provide all known details of the incident or incidents, names of individuals involved and names of any witnesses. It would be best to communicate your complaint in writing, but this is not mandatory.

The Company encourages all individuals to report any incidents of harassment, discrimination, retaliation or other prohibited conduct forbidden by this policy immediately so that complaints can be quickly and fairly resolved.

You also should be aware that the Federal Equal Employment Opportunity Commission and the California Department of Fair Employment and Housing investigate and prosecute complaints of prohibited harassment, discrimination and retaliation in employment. If you think you have been harassed or discriminated against or that you have been retaliated against for resisting, complaining or participating

in an investigation, you may file a complaint with the appropriate agency. The nearest office can be found by visiting the agency websites at www.dfeh.ca.gov and www.eeoc.gov.

Supervisors must refer all complaints involving harassment, discrimination, retaliation or other prohibited conduct to the Administrator so the Company can try to resolve the complaint.

When the Company receives allegations of misconduct, it will immediately undertake a fair, timely, thorough and objective investigation of the allegations in accordance with all legal requirements. The Company will reach reasonable conclusions based on the evidence collected.

The Company will maintain confidentiality to the extent possible. However, the Company cannot promise complete confidentiality. The employer's duty to investigate and take corrective action may require the disclosure of information to individuals with a need to know.

Complaints will be:

- Responded to in a timely manner
- Kept confidential to the extent possible
- Investigated impartially by qualified personnel in a timely manner
- Documented and tracked for reasonable progress
- Given appropriate options for remedial action and resolution
- Closed in a timely manner

If the Company determines that harassment, discrimination, workplace bullying, retaliation or other prohibited conduct has occurred, appropriate and effective corrective and remedial action will be taken in accordance with the circumstances involved. The Company also will take appropriate action to deter future misconduct.

Any employee determined by the Company to be responsible for harassment, discrimination, workplace bullying, retaliation or other prohibited conduct will be subject to appropriate disciplinary action, up to, and including termination. Employees should also know that if they engage in unlawful harassment, they can be held personally liable for the misconduct.

At-Will Employment Status

Lourenco Backhoe, Inc. personnel are employed on an at-will basis. Employment at-will means that the employer has the right to change the terms and conditions of employment with or without notice, with or without cause, including, but not limited to, termination, demotion, promotion, transfer, compensation, benefits, duties, and locations of work. Accordingly, either the employee or The Company can terminate the employment relationship at any time with or without cause at either party's option with or without notice. Nothing in this handbook shall limit the right to terminate at-will employment. No manager, supervisor or employee of The Company has any authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment other than at-will. Only the President of The Company has the authority to make any such agreement, which is binding only if it is in writing.

Nothing in this at-will statement is intended to interfere with an employee's rights to communicate or work with others toward altering the terms and conditions of his or her employment.

Right to Bind

Only the Officers of Lourenco Backhoe, Inc. have the right to legally bind the company. An employee who claims to have this right or attempts to assert this right will be subject to discipline. Violation of this policy, depending on the circumstances, may be grounds for immediate termination or other appropriate action.

Right to Revise

This employee handbook contains the employment policies and practices of Lourenco Backhoe, Inc. in effect at the time of publication. All previously issued handbooks and any inconsistent policy statements or memoranda are superseded.

The Company reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this handbook or in any other document, except for the policy of at-will employment. However, any such changes must be in writing and must be signed by the President or the Administrator of The Company.

Any written changes to this handbook will be distributed to all employees so that employees will be aware of the new policies or procedures. No oral statements, or representations can in any way change or alter the provisions of this handbook.

This handbook sets forth the entire agreement between you and The Company as to the duration of employment and the circumstances under which employment may be terminated. Nothing in this employee handbook, or in any other personnel document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee.

Nothing in this statement is intended to interfere with an employee's rights to communicate or work with others toward altering the terms and conditions of his or her employment.

Workplace Violence

Lourenco Backhoe, Inc. provides a safe workplace for all employees. To ensure a safe workplace and to reduce the risk of violence, all employees should review and understand all provisions of this workplace violence policy.

We do not tolerate any type of workplace violence committed by or against employees. Employees are prohibited from making threats, even those made in apparent jest, or engaging in violent activities. All such acts will be taken seriously, and may lead to discipline, up to and including termination. Employees are prohibited from having weapons in the workplace, including but not limited to firearms, knives (except for pocketknives with a blade length of 3 ½ inches or less), brass knuckles, and explosives.

A threat includes, but is not limited to, any indication of intent to harm a person or damage property. Threats may be direct or indirect, and they may be communicated verbally or nonverbally. This list of behaviors, while not inclusive, provides examples of conduct that is prohibited.

- Causing physical injury to another person;
- Making threatening remarks;
- Aggressive or hostile behavior that creates a reasonable fear of injury to another person or subject another individual to emotional distress;
- Intentionally damaging employer property or property of another employee;
- Possession of a weapon while on company property, while on company business or at a company-sponsored event;
- Committing acts motivated by, or related to, sexual harassment or domestic violence.

It is every employee's responsibility to assist in establishing and maintaining a violence-free work environment. Therefore, each employee is expected and encouraged to report any incident which may be threatening to you or your co-workers or any event which you reasonably believe is threatening or violent. You may report an incident to any supervisor or manager.

All reported incidents will be investigated. Reports or incidents warranting confidentiality will be handled appropriately and information will be disclosed to others only on a need-to-know basis. The Company will actively intervene at any indication of a possibly hostile or violent situation.

Chapter 2

LEAVES OF ABSENCE

Leaves of Absences

Please contact your supervisor for additional information.

In accordance with federal and state law, Lourenco Backhoe, Inc. offers eligible employees the following unpaid leave of absences: Domestic Violence, Sexual Assault or Stalking Leave; Jury Duty or Witness Leave; Military Leave; Parent's Leave for Children Suspended from School; Pregnancy Disability Leave; Victims of Crime Leave; and Volunteer Civil Service Personnel Leave. In addition, the state Time Off for Voting leave will be honored when necessary.

Personal Leave

A personal leave of absence without pay may be granted at the discretion of Lourenco Backhoe, Inc. Requests for personal leave should be limited to unusual circumstances requiring an absence of longer than two weeks. Approved personal absences of shorter duration are not normally treated as leaves, but rather as excused absences without pay.

Suspension

If it becomes necessary for an employee who is the parent or guardian of a child to attend the child's school to discuss possible suspension, the employee should alert his or her supervisor as soon as possible so that alternative arrangements may be made. Pursuant to California Labor Code Section 230.7, no discriminatory action will be taken against the employee for taking time off for this purpose.

Paid Sick Leave

Employees are granted 3 days/24-hours of paid sick leave at the commencement of employment and at the beginning of each anniversary year thereafter. Any balance of unused sick leave will not be carried over to the next year.

Employees may begin using sick leave after completing 90 days of employment. Upon written or oral request, employees may use sick leave for the following purposes:

1. Diagnosis, care, or treatment of an existing health condition, or preventive care for, an employee or an employee's family member; or
2. For an employee who is a victim of domestic violence, sexual assault, or stalking.

For the purposes of this policy, "family member" means any of the following: a child, which means a biological, adopted, or foster child, stepchild, legal ward, or a child to whom the employee stands in loco parentis, regardless of age or dependency status; a biological, adoptive, or foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in loco parentis when the employee was a minor child; a spouse; a registered domestic partner; a grandparent; a grandchild; or a sibling.

If the need for paid sick leave is foreseeable, the employee shall provide reasonable advance notification. If the need for paid sick leave is unforeseeable, the employee shall provide notice of the need for the leave as soon as practicable.

Employees may use sick leave in minimum increments of two (2) hours. Non-exempt employees who take time off due to illness or injury of less than two (2) hours may be docked for time off without pay.

Sick day benefits will be integrated with benefits provided under State Disability Insurance. In no event shall the combination of disability benefits, plus sick day benefits, exceed regular earnings.

The Company expressly prohibits any form of retaliatory action against any employee who avails him or herself of the provisions of this policy.

Unused sick leave will not be paid out upon termination.

Paid Time Off

Lourenco Backhoe, Inc. values diversity and flexibility in the workplace. For this reason, Lourenco Backhoe, Inc. aggregates bereavement, medical leaves, (i.e., personal, spouse, parent, child) or other personal business and vacation days into a single category of benefit called Paid Time Off (PTO). All full-time employees are eligible for Paid Time Off (PTO) after the completion of the first 90 days of employment. PTO is in addition to the California required Paid Sick Leave (PSL) outlined above.

PTO is based on the hiring date of a full-time employee. Full-Time employees will accrue PTO as follows:

New hire through 1st year:	no accrual	
2nd year and thereafter:	40 hours per calendar year	(5 days)

Temporary and part-time employees do not accrue paid PTO time.

Earned PTO time accrues to a maximum of 10 working days. No additional PTO will be earned until accrued PTO time is used. Employees are responsible for tracking their accrued PTO time. PTO is paid at your base pay rate at the time of the absence. It does not include overtime or any special forms of compensation such as incentives, commissions, bonuses, or shift differentials.

Time off shall be scheduled to provide adequate coverage of job responsibilities and staffing requirements. Your supervisor must approve your time off request in advance. Employees with an unexpected need (i.e. sudden illness or emergency) to request PTO should notify their direct supervisor as early as possible.

Employees on unpaid leave do not accrue PTO time. If a holiday occurs during your approved PTO time off, you will be granted one additional day of PTO, to be taken at a time approved in advance by your supervisor.

Required Use of PTO Before Unpaid Sick Leave

If you are taking an unpaid leave of absence, there are circumstances where you may be required to use your accrued and unused vacation before taking unpaid leave or having unpaid absences. In other circumstances, you can choose to use vacation before taking unpaid leave or having unpaid absences, but it is not required. It will depend on the type of leave you are taking and/or federal and state leave requirements.

Please contact the Administrator to discuss coordination of your benefits.

Chapter 4

EMPLOYEE BENEFITS

Holidays

Lourenco Backhoe, Inc. observes the following paid holidays:

New Year's Day
Independence Day
Thanksgiving
Christmas

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. However, The Company may grant another day off instead of closing. Holiday observance will be announced in advance.

Each non-exempt employee's eligibility for holiday pay begins after completion of the 90-day introductory period.

Part-time employees are excluded from this policy.

To be eligible for holiday pay, you must be regularly scheduled to work on the day on which the holiday is observed and must work your regularly scheduled working days immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance by your supervisor or the absence is otherwise protected by law.

If you are required to work on a paid scheduled holiday you will receive straight time in addition to the holiday pay.

Paid Family Leave

Employees may be eligible for Paid Family Leave (PFL) wage replacement benefits, which are funded through payroll deductions and coordinated through the Employment Development Department. PFL provides limited compensation for up to six weeks. Contact EDD for more information..

Workers' Compensation

Lourenco Backhoe, Inc., in accordance with state law, provides insurance coverage for employees in case of work-related injury.

To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to:

- Immediately report any work-related injury to your supervisor;
- Seek medical treatment and follow-up care if required;
- Complete a written Employee's Claim Form and return it to your supervisor; and
- Provide Lourenco Backhoe, Inc. with a certification from your health care provider regarding the need for workers' compensation disability leave, as well as your eventual ability to return to work from the leave.

Failure to report an injury immediately may subject an employee to discipline, up to and including termination.

Under most circumstances, upon submission of a medical certification that an employee is able to return to work after a workers' compensation leave, the employee under most circumstances will be reinstated to his or her same position held at the time the leave began, or to an equivalent position, if available. An employee returning from a workers' compensation leave has no greater right to reinstatement than if the employee had been continuously employed rather than on leave. For example, if the employee on workers' compensation leave would have been laid off had he or she not gone on leave, or if the employee's position has been eliminated or filled in order to avoid undermining The Company's ability to operate safely and efficiently during the leave, and no equivalent or comparable positions are available, then the employee would not be entitled to reinstatement.

An employee's return depends on his or her qualifications for any existing openings. If, after returning from a workers' compensation disability leave, an employee is unable to perform the essential functions of his or her job because of a physical or mental disability, The Company's obligations to the employee may include reasonable accommodation, as governed by the ADA (Americans with Disabilities Act).

The law requires that The Company notify the workers' compensation insurance company of any concerns of false or fraudulent claims.

Paid Sick Leave and Workers' Compensation

Paid sick leave is a benefit that also covers absences for work-related illness or injury. Employees who have a work-related illness or injury are covered by workers' compensation insurance. However, workers' compensation benefits usually do not cover absences for medical treatment. When you report a work-related illness or injury, you will be sent for medical treatment, if treatment is necessary. You will be paid your regular wages for the time you spend seeking initial medical treatment.

Any further medical treatment will be under the direction of the health care provider. Any absences from work for follow-up treatment, physical therapy or other prescribed appointments will not be paid as time worked. If you have accrued and unused sick leave, the additional absences from work will be paid with the use of sick leave.

If you do not have accrued, paid sick leave, or if you have used all of your sick leave, you may choose to substitute PTO for further absences from work, related to your illness or injury.

Chapter 5

MANAGEMENT

Employee Property

An employee's personal items, including but not limited to, packages, purses and backpacks, may be inspected upon reasonable suspicion of unauthorized possession of company property, possession of dangerous weapons or firearms, or abuse of Lourenco Backhoe, Inc.'s drug and alcohol policy.

Names And Addresses

Lourenco Backhoe, Inc. is required by law to keep current all employees' names and addresses. Employees are responsible for notifying the Company in the event of a name or address change.

Open-Door Policy

Relationships can often suffer because people fail to communicate with each other. The Company believes that work-related problems, questions, or complaints can best be resolved by frank and prompt discussion between the employee and management. If an employee has a work-related issue that needs resolution, the employee should discuss the issue privately with his or her immediate supervisor. If the matter is personal in nature and/or the employee does not feel comfortable discussing the matter with his or her immediate supervisor, the employee should discuss the matter with the next level of management, up to and including the President of the Company. Employees shall be able to address employment-related issues without fear of retribution.

Performance Evaluations

Employees will receive periodic performance reviews conducted by your supervisor. Performance evaluations will be conducted annually, on or about the anniversary date of your employment with Lourenco Backhoe, Inc. The frequency of performance evaluations may vary depending upon length of service, job position, past performance, changes in job duties or recurring performance problems.

Your performance evaluations may review factors such as the quality and quantity of the work you perform, your knowledge of the job, your initiative, your work attitude and your attitude toward others. The performance evaluations should help you become aware of your progress, areas for improvement and objectives or goals for future work performance. Favorable performance evaluations do not guarantee increases in salary or promotions. Salary increases and promotions are solely within the discretion of The Company and depend upon many factors in addition to performance. After the review you will be required to sign the evaluation report simply to acknowledge that it has been presented to you, that you have discussed it with your supervisor, and that you are aware of its contents.

Personnel Records

You have a right to inspect or receive a copy of the personnel records that Lourenco Backhoe, Inc. maintains relating to your performance or to any grievance concerning you. Certain documents may be excluded or redacted from your personnel file by law, and there are legal limitations on the number of requests that can be made.

Any request to inspect or copy personnel records must be made in writing to the Administrator. You can obtain a form for making such a written request from the Administrator.

You may designate a representative to conduct the inspection of the records or receive a copy of the records. However, any designated representative must be authorized by you in writing to inspect or receive a copy of the records. The Company may take reasonable steps to verify the identity of any representative you have designated in writing to inspect or receive a copy of your personnel records.

The personnel records may be made available to you either at the place where you work or at a mutually agreeable location (with no loss of compensation for going to that location to inspect or copy the records). The records will be made available no later than 30 calendar days from the date The Company receives your written request to inspect or copy your personnel records (unless you/your representative and The Company mutually agree in writing to a date beyond 30 calendar days but no later than 35 calendar days from receipt of the written request).

If you request a copy of the contents of your file, you will be charged the actual cost of copying at the rate of 25 cents per page.

Disclosure of personnel information to outside sources, other than your designated representative, will be limited. However, The Company will cooperate with request from authorized law enforcement or local, state, or federal agencies conducting official investigations and as otherwise legally required.

Chapter 6

COMPANY PROPERTY

Employer Property

Cell phones, data processing equipment/software, vehicles and other property are company property and must be maintained according to Lourenco Backhoe, Inc. rules and regulations. They must be kept clean and are to be used only for work-related purposes. The company reserves the right to inspect all company property including computer or phone data and messages to ensure compliance with its rules and regulations, without notice to the employee and/or in the employee's absence. Prior authorization must be obtained before any company property may be removed from the premises.

Company voice mail and/or electronic mail (e-mail) including texting and mobile messages are to be used for business purposes. The company reserves the right to monitor voice mail messages, email messages, and texts to ensure compliance with this rule, without notice to the employee and at any time, not necessarily in the employee's presence.

Lourenco Backhoe, Inc. may periodically need to assign and/or change "passwords" or personal codes for voice mail, email, mobile devices, etc. These communication technologies and related storage media and databases are to be used only for company business and they remain the property of The Company. The company reserves the right to keep a record of all passwords and codes used and/or may be able to override any such password system. Messages on the company voicemail and email systems are subject to the same company policies against discrimination and harassment as are any workplace communications. Offensive, harassing, or discriminatory content in such messages will not be tolerated.

For security reasons, employees should not leave personal belongings of value in the workplace. Terminated employees should remove any personal items at the time they leave the company. Personal items left in the workplace by previous employees are subject to disposal if not claimed at the time of the employee's termination.

Off-Duty Use of Facilities

Employees are prohibited from being in Lourenco Backhoe, Inc. work areas (including client areas) or making use of company facilities or equipment while not on duty. Employees are expressly prohibited from using Lourenco Backhoe, Inc. facilities, property or equipment for personal use, unless you have requested and received authorization from management in advance.

Smoking

Smoking is prohibited at this workplace including any company vehicles and equipment and/or on client property. The smoking prohibition applies to all smoking devices, including, but not limited to, the use of electronic smoking devices, such as electronic cigarettes, pipes, hookahs, and vaping devices.

Chapter 7

EMPLOYEE CONDUCT

Confidential Information

Each employee is responsible for safeguarding the confidential information obtained during employment.

In the course of your work, you may have access to trade secrets or similarly protected proprietary or confidential information regarding Lourenco Backhoe, Inc.'s business (such as financial data, marketing or business plans or strategies, suppliers, business partners or customers). You have a responsibility to prevent revealing or divulging any such information unless it is necessary for you to do so in the performance of your duties or as required by law.

Access to, or disclosure of, confidential information should be on a "need-to-know" basis and must be authorized by your supervisor. Any breach of this policy will not be tolerated and legal action may be taken by the Company.

This policy does not prohibit employees from confidentially disclosing trade secret, proprietary or confidential information to federal, state and local government officials, or to an attorney, when done to report or investigate a suspected violation of the law. Employees may also disclose the information in certain court proceedings if specific procedures to protect the information are followed. Nothing in this policy is intended to conflict with 18 U.S.C. sec. 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. sec. 1833(b).

Dress Code and Other Personal Standards

Because each employee is a representative of Lourenco Backhoe, Inc. in the eyes of the public, it is important that each employee report to work properly groomed and wearing appropriate attire. Employees are expected to dress neatly and in a manner consistent with the nature of the work performed. Employees who report to work inappropriately dressed may be asked to clock out and return in acceptable attire. All field employees must wear appropriate Personal Protective Equipment (PPE), jeans or other work pants and a construction-colored shirt, jacket or safety vest. No shorts.

Personal Protective Equipment

Employees are required to wear hard hats on all job sites. Appropriate goggles/glasses must be worn at all time if there is any danger of flying debris, dust, etc.

All employees must wear work boots.

This dress code policy will not be enforced in a manner that discriminates against anyone based on a protected class, such as race, sex, gender identity or gender expression, religion, national origin or any other class protected by federal, state or local law. For more information, see the Harassment, Discrimination and Retaliation Prevention policy. Employees who need a reasonable accommodation because of religious beliefs, observances or practices should contact the Administrator and discuss the need for accommodation.

Drug and Alcohol Abuse

Lourenco Backhoe, Inc. is concerned about the use of alcohol, marijuana, illegal drugs or controlled substances as it affects the workplace. Use of these substances, whether on or off the job can detract from an employee's work performance, efficiency, safety, and health, and seriously impair Company operations. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons.

The following rules and standards of conduct apply to all employees while on Company property, at work or working on Company business. The following are strictly prohibited by Company policy:

- Being under the influence of, or impaired by, an illegal or controlled substance, alcohol or marijuana while on the job.
- Using or possessing illegal or controlled substances, alcohol or marijuana while on the job (including the illegal use of prescription drugs and possessing drug paraphernalia)
- Distributing, selling, or purchasing of an illegal or controlled substance, alcohol or marijuana while on the job.

Violation of these rules and standards of conduct will not be tolerated. Lourenco Backhoe, Inc. also may bring the matter to the attention of appropriate law enforcement authorities.

Testing Program

The company may require drug and/or alcohol testing:

1. After an offer of employment, but before the applicant commences employment.
2. When a reasonable suspicion exists that any employee is under the influence of marijuana, cannabis, or any illegal drug, intoxicant, or controlled substance while on the job, or is otherwise in violation of this policy. Reasonable suspicion means suspicion based on information regarding, among other things, the appearance, behavior, speech, attitude, mood, and/or breath odor of any employee.
3. When any employee is found in possession of alcohol, marijuana, cannabis, or any illegal drug, intoxicant, or controlled substance in violation of company policy, or when any of those items are found in an area controlled or used by the employee, such as a desk or locker;
4. When an accident, near miss, or incident occurs in which safety precautions are violated or careless acts are performed, and a reasonable suspicion exists that the employee involved is under the influence of alcohol, marijuana, cannabis, or any illegal drug, intoxicant, or controlled substance.
5. After any employee has participated in a rehabilitation program; and
6. When required by a state or federal law or regulation (e.g., (i) persons driving commercial motor vehicles with a gross vehicle weight rating of 26,001 pounds or more or carrying hazardous materials in interstate commerce (“DOT testing”); or (ii) for other reasons required by law).

The testing required by the company will involve an initial screening test. If that test result is positive, the positive result will be confirmed using a different testing methodology. The test results will be kept as confidential as possible.

In order to enforce this policy, the company reserves the right to conduct searches of company property or employees and/or their personal property, and to implement other measures necessary to deter and detect abuse of this policy. A verified positive drug test result, an alcohol test with a result indicating any alcohol concentration, a refusal to test (including by adulterating or substituting a urine specimen) or any other violation of the prohibition on the use of alcohol or drugs under this policy constitutes a drug and alcohol regulation violation and will result in disciplinary action, up to and including termination.

An employee's conviction on a charge of illegal sale or possession of any controlled substance while off Company property will not be tolerated because such conduct, even though off duty, reflects adversely on The Company. In addition, the Company must keep people who sell or possess controlled substances off Company premises in order to keep the controlled substances themselves off the premises.

Any employee who is using prescription or over-the-counter drugs that may impair the employee's ability to safely perform the job, or affect the safety or well-being of others, must notify a supervisor of such use immediately before starting or resuming work.

Prohibited Conduct

Employees are expected to conduct themselves in a manner to further the company's objectives. The following conduct is prohibited and will not be tolerated by Lourenco Backhoe, Inc. This list of prohibited conduct is illustrative only; other types of conduct that threaten security, personal safety, employee welfare and company operations also may be prohibited and will result in disciplinary action up to and including termination.

- Falsification of employment records, employment information or other company records;
- Inefficient or careless performance of job responsibilities or inability to perform job duties satisfactorily;
- Recording the work time of another employee or allowing any other employee to record your work time, or falsifying any timecard or sheet, either your own or another employee's;
- Theft, deliberate or careless damage or destruction of any company property or the property of any employee or customer;
- Removing or borrowing company property without prior authorization;
- Unauthorized use or misuse of company equipment, time, materials, or facilities;
- Provoking a fight or fighting during working hours or on company property;
- Participating in horseplay or practical jokes on company time or on company premises;
- Carrying firearms or any other dangerous weapons on company premises at any time;
- Causing, creating or participating in a disruption of any kind during working hours on company property;
- Failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management;
- Using threatening or intimidating language at any time on The Company premises;
- Failure to notify a supervisor when unable to report to work;
- No call/no show on two consecutive scheduled workdays (absences protected by state or federal law do not count as violations of this policy);
- Failure to obtain permission to leave work for any reason during normal working hours;
- Failure to observe working schedules, including rest and meal periods, or coercing or forcing another employee to fail to observe the same;
- Failure to provide a physician's certificate when requested or required to do so;
- Sleeping or malingering on the job;
- Failure to keep personal telephone calls to an absolute minimum;
- Working overtime without authorization or refusing to work assigned overtime;
- Wearing extreme, unprofessional or inappropriate styles of dress or hair while working;
- Violation of any safety, health, security or company policy, rule or procedure or violation of the company's drug and alcohol policy;
- Committing a fraudulent act or a breach of trust under any circumstances;
- Committing, or involvement in, any act of unlawful harassment of another individual;
- Failure to promptly report any work-related injury or illness;

- Failure to keep any friends or relatives coming to visit you at work to an absolute minimum; and
- Violating the privacy of the Company’s customers.

This statement of prohibited conduct does not alter Lourenco Backhoe, Inc.’s policy of at-will employment. Either you or The Company remain free to terminate the employment relationship at any time, with or without reason or advance notice.

Prohibition on Workplace Bullying

Lourenco Backhoe, Inc. defines bullying as “repeated inappropriate behavior, either direct or indirect, whether verbal, physical or otherwise, conducted by one or more persons against another or others at the place of work and/or in the course of employment.” Such behavior violates Company Policy, which clearly states that all employees will be treated with respect.

The purpose of this policy is to communicate to all employees, including supervisors and managers that the Company will not tolerate bullying behavior. Employees found in violation of this policy will be disciplined up to and including termination.

Bullying may be intentional or unintentional. However, it must be noted that where an allegation of bullying is made, the intention of the alleged bully is irrelevant and will not be given consideration when meting out discipline. As in sexual harassment, it is the effect of the behavior upon the individual that is important. The Company considers the following types of behavior examples of bullying:

- **Verbal bullying:** Slandering, ridiculing or maligning a person or his/her family; persistent name calling that is hurtful, insulting or humiliating; using a person as the butt of jokes; abusive and offensive remarks.
- **Physical bullying:** Pushing, shoving, kicking, poking, tripping, assault or threat of physical assault; damage to a person’s work area or property.
- **Gesture bullying:** Nonverbal threatening gestures or glances that convey threatening messages.
- **Exclusion:** Socially or physically excluding or disregarding a person in work-related activities.

All such conduct violates Company policy.

Punctuality and Attendance

As an employee of Lourenco Backhoe, Inc., you are expected to be punctual and regular in attendance. Any tardiness or absence causes problems for your fellow employees and your supervisor. When you are absent, your workload must be performed by others.

Employees are expected to report to work as scheduled, on time and prepared to start work. Employees also are expected to remain at work for their entire work schedule, except for meal periods or when required to leave on authorized company business. Late arrival, early departure or other unanticipated and unapproved absences from scheduled hours are disruptive and must be avoided.

If you are unable to report for work on any particular day, you must call your supervisor one hour before your shift starts. It is not acceptable to leave a voicemail or text message for your supervisor except in extreme cases. If you must leave a message, it is your responsibility to continue calling your supervisor until you reach him/her or receive a reply. In all cases of absence or tardiness, employees must provide their supervisor with an honest reason or explanation. Employees also must inform their supervisor of the expected duration of any absence. Absent extenuating circumstances, you must call in on any day you are scheduled to work and will not report to work.

Excessive absenteeism or tardiness (whether excused or not) will not be tolerated. Excessive absenteeism

will be determined according to the circumstances involved in each instance. Continuing patterns of absences or tardiness – regardless of the exact number of days – may warrant disciplinary action. Even one unexcused absence or tardy may be considered excessive.

If you fail to report for work without any notification to your supervisor (no call/no show), the company will consider that you have voluntarily abandoned or quit your employment.

Chapter 8

WAGES

Advances

Lourenco Backhoe, Inc. does not permit advances against paychecks or unaccrued PTO.

Gas Cards

Employees driving company vehicles and equipment will be given a gas card to use for assigned work vehicles and equipment. Cards may not be used to fill up employee's personal vehicles. Failure to follow policy will lead to discipline, up to and including termination and information may be relayed to the appropriate law enforcement agency(ies).

If a card is lost or stolen, employee must report such to your supervisor immediately! Time is of the essence if a card is lost or stolen as we will be held responsible for any purchases made for failing to report the card lost or stolen in a timely manner.

Please use and care for the card as if it is your own debit card. Use of a company gas card is a privilege and should be viewed as such.

If the employment relationship is terminated for any reason, the card is to be returned immediately. If an employee is found to be misusing card or attempting to fuel another vehicle other than assigned vehicle (i.e., a vehicle for personal use) employee will be subject to discipline, up to and including termination.

Meal And Rest Periods

Rest Breaks

All nonexempt employees are entitled to uninterrupted rest break periods during their workday. If you are a nonexempt employee, you will be paid for all such break periods, and you will not clock out. You will be relieved of all duty during your rest break periods. You are free to come and go as you please and are free to leave the premises. You are expected to return to work promptly at the end of any rest break.

Number of Rest Breaks

You will be authorized and permitted one (1) 10-minute net rest break for every four (4) hours you work (or major fraction thereof, which is defined as any amount of time over two [2] hours). A rest break need not be authorized for employees whose total daily work time is less than three and one half (3.5) hours.

If you work a shift from three and one-half (3.5) to six (6) hours in length you will be entitled to one (1) ten-minute rest break. If you work more than six (6) hours and up to 10 hours, you will be entitled to two (2) ten-minute rest breaks. If you work more than 10 hours and up to 14 hours, you will be entitled to three (3) ten-minute rest breaks.

Timing of Rest Breaks

You are authorized and permitted to take a rest break in the middle of each four hour work period.

Meal Period

All nonexempt employees will be provided an uninterrupted unpaid meal period of at least 30 minutes if you work more than five (5) hours in a workday. You must clock out for your meal period. You will be

permitted a reasonable opportunity to take this meal period, and you will be relieved of all duty. During your meal period, you are free to come and go as you please and are free to leave the premises. You are expected to return to work promptly at the end of any meal period.

Timing of Meal Period

Your meal period will be provided no later than the end of your fifth hour of work. For example, if you begin work at 8:00 a.m., you must start your meal period by 12:59 p.m. (which is before the end of your fifth hour of work).

Recording Meal Periods

You must clock out for any meal period and record the start and end of the meal period.

Employees are not allowed to work “off the clock.” All work time must be accurately reported on your time record.

If for any reason you are not provided a meal period in accordance with our policy, or if you are in any way discouraged or impeded from taking your meal period or from taking the full amount of time allotted to you, please immediately notify the Administrator.

Anytime you miss a meal period that was provided to you (or you work any portion of a provided meal period), you will be required to report to the Administrator and document the reason for the missed meal period or time worked.

Please also refer to the Timekeeping Policy.

Overtime for Non-Exempt Employees

Employees may be required to work overtime as necessary. Only actual hours worked in a given workday or workweek can apply in calculating overtime. The Company will attempt to distribute overtime evenly and accommodate individual schedules. All overtime work must be previously authorized by a supervisor. Lourenco Backhoe, Inc. provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal law as follows:

- All hours worked in excess of eight hours in one workday or 40 hours in one workweek will be treated as overtime. A workday begins at 12:01 a.m. and ends at midnight 24 hours later. Workweeks begin each Sunday at 12:01 a.m;
- Compensation for hours in excess of 40 for the workweek, or in excess of eight and not more than 12 for the workday, and for the first eight hours on the seventh consecutive day of work in one workweek, shall be paid at a rate one and one-half times the employee's regular rate of pay; and
- Compensation for hours in excess of 12 in one workday and in excess of eight on the seventh consecutive workday in a workweek shall be paid at double the regular rate of pay.

Exempt employees may have to work hours beyond their normal schedules as work demands require. No overtime compensation will be paid to exempt employees.

Payment Of Wages

Paychecks are direct deposited, mailed to employees or you can arrange to pick up your check in the office. If you observe an error on your check, please report it immediately to your supervisor so it can be immediately investigated and corrected.

Biweekly Payments

All employees of Lourenco Backhoe, Inc. are paid every other Friday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, employees will be paid on the last workday preceding the holiday.

Automatic Deposit

Lourenco Backhoe, Inc. offers automatic payroll deposit. You may begin and stop automatic payroll deposit at any time.

Paychecks will not, under any circumstances, be given to any person other than the employee without written authorization. Paychecks may also be mailed to the employee's listed address.

Timekeeping Requirements

All nonexempt employees are required to use to record time worked for payroll purposes. All time worked must be accurately reported on your time sheet. Timesheets are due to the Business Office by 10 am the Monday following the end of the pay period. Email timesheets to timehseets@lourencobackhoe.com. Original tickets are due to the Business Office by Monday following the workweek. Packets must be mailed by Close Of Business on Friday to ensure they arrive on time. Packets should include original tickets, original fuel receipts, business receipts and the Expense Reimbursement Form. Failure to include all required receipts may lead to discipline, up to and including termination.

Employees must record their own time at the start and at the end of each work period. Employees must clock out for their meal period(s) and record the start and end of each meal period.

Employees are not allowed to work "off the clock." Working off the clock violates company policy. Any work performed before or after a regularly scheduled shift must be approved in advance by your supervisor. If you perform any off-the-clock work, please report the work to the Administrator.

Employees also must record their time whenever they leave the work site for any reason other than The Company business.

Employees will be required to certify that their time record is accurate.

Any handwritten marks or changes on the timecard must be initialed by a supervisor. Punching another employee's timecard, allowing another employee to punch your timecard, or altering a timecard is not permissible and is subject to disciplinary action.

Any errors on your timecard should be reported immediately to your supervisor.

Your paycheck is your net pay after deductions, including: taxes, social security and insurance payments. Attached to your check is a statement listing your earnings and deductions. Keep this statement for your personal records.

Please also refer to the Meal and Rest Break Policy.

Chapter 9

SAFETY AND HEALTH

Employees Who Are Required to Drive

Employees whose job duties require them to drive a Lourenco Backhoe, Inc. vehicle or equipment or their own vehicle on Lourenco Backhoe, Inc. business will be required to show proof of current, valid driving licenses and current effective insurance coverage prior to the first day of employment.

Lourenco Backhoe, Inc. reserves the right to participate in a system that regularly checks the DMV records of all employees who drive as part of their job.

The Company retains the right to transfer to an alternative position, suspend or terminate an employee whose license is revoked, or who fails to maintain personal automobile insurance coverage or who is uninsurable under our policy.

Employees who drive their own vehicles on Company business will be reimbursed at the current IRS rate per mile.

Health and Safety

All employees are responsible for their own safety, as well as that of others in the workplace. To help us maintain a safe workplace, everyone must be safety-conscious at all times. Report all work-related injuries or illnesses immediately to your supervisor or to the Administrator. In compliance with California law, and to promote the concept of a safe workplace, The Company maintains an Injury and Illness Prevention Program. The Injury and Illness Prevention Program is available for review by employees and/or employee representatives in the office.

In compliance with Proposition 65, The Company will inform employees of any known exposure to a chemical known to cause cancer or reproductive toxicity.

Personal Protective Equipment

Employees are required to wear hard hats on all job sites. Appropriate goggles/glasses must be worn at all time if there is any danger of flying debris, dust, etc.

All employees must wear work boots.

Tools and Equipment

All tools and equipment must be used in appropriate and prescribed manner. Missing or broken tools or equipment may cause reimbursement to be docked from your paycheck or discipline may result depending on the circumstances.

Job site and all tools and equipment must be kept in a clean and tidy manner and all tools and equipment must be returned to the place where you found them or back to their “home” on the truck or in the yard.

Under no circumstances may an employee leave the jobsite without appropriately securing Lourenco Backhoe, Inc.’s property.

Heat Illness

Lourenco Backhoe, Inc. is concerned with employee health and safety. Employees who work outside may be exposed to extreme temperatures or adverse working conditions, particularly in the summer months. All supervisors are trained in the prevention of heat illness. Employees who work outside are allowed and encouraged to take a recovery cool-down period in the shade for not less than five minutes to prevent heat illness. The Company has procedures in place for employees to request recovery periods and for ensuring that recovery periods are provided when appropriate. Recovery periods are paid time. Please refer to the Company's Injury Illness and Prevention Program or talk to your supervisor for details on how to ensure you are protected from heat illness dangers.

Chapter 10

TERMINATION

Involuntary Terminations and Progressive Discipline

Violation of Lourenco Backhoe, Inc. policies and rules may warrant disciplinary action. The Company has established a system of progressive discipline that includes verbal warnings and written warnings. The system is not formal and The Company may, in its sole discretion, utilize whatever form of discipline is deemed appropriate under the circumstances, up to and including termination of employment. The Company's policy of progressive discipline in no way limits or alters the at-will employment relationship.

Voluntary Resignation

Voluntary resignation results when an employee voluntarily quits his or her employment at Lourenco Backhoe, Inc., or fails to report to work for two consecutively scheduled workdays without notice to, or approval by, his or her supervisor (unless the absence is protected by law). All company-owned property, including vehicles, keys, uniforms, identification badges, and credit cards, must be returned immediately upon termination of employment.

Handbook Acknowledgment of Receipt

I have received my copy of Lourenco Backhoe, Inc.'s employee handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook.

I understand that except for employment at-will status, any and all policies or practices can be changed at any time by the company. Lourenco Backhoe, Inc. reserves the right to change my hours, wages, and working conditions at any time. I understand and agree that other than the President of Lourenco Backhoe, Inc., no manager, supervisor, or representative of the Company has authority to enter into any agreement, express or implied, for employment for any specific period of time, or to make any agreement for employment other than at-will; only the President has the authority to make any such agreement and then only in writing, signed by the President.

I understand and agree that nothing in the employee handbook creates or is intended to create a promise or representation of continued employment and that employment at Lourenco Backhoe, Inc. is employment at-will; employment may be terminated at the will of either the Company or myself. My signature certifies that I understand that the foregoing agreement on at-will status is the sole and entire agreement between The Company and myself concerning the duration of my employment and the circumstances under which my employment may be terminated. It supersedes all prior agreements, understandings, and representations concerning my employment with The Company.

I understand that state law requires that I take a meal period of no less than 30 minutes whenever I work more than five hours in a work day. The meal period must begin before I've exceeded five full hours of work. I understand it is my obligation under the law and my employer's policies to take a meal period of at least 30 minutes within the time identified above.

I also understand that I am entitled to a rest period at the rate of 10 minutes net rest for every four hours of work or major portion thereof. I further understand that the rest period should be taken as close to the middle of each work period as possible and that no supervisor may ask or require me to give up my rest period.

By my signature below, I acknowledge that I have received a copy of this Employee Handbook. I also acknowledge that I have read and understand the contents of the Employee Handbook, and I (check one) do ___ do not ___ want to discuss the handbook or any particular policies, benefits or procedures described in it with my Supervisor or another Company official.

Employee's Signature _____

Employee's Printed Name _____

Date _____

Policy Acknowledgment of Receipt

I have received my copy of the Lourenco Backhoe, Inc.'s Harassment, Discrimination and Retaliation Prevention policy. I understand and agree that it is my responsibility to read and familiarize myself with this policy.

I understand that Lourenco Backhoe, Inc. is committed to providing a work environment that is free from harassment, discrimination and retaliation. My signature certifies that I understand that I must conform to and abide by the rules and requirements described in this policy.

Employee's Signature _____

Employee's Printed Name _____

Date _____