

Melody Smoke & Vape
Employee Handbook

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Section 1. Introduction

1.1. Purpose of this Handbook

The purpose of this handbook is to familiarize you - the employee - with the policies, rules and other key aspects of Melody Smoke & Vape (the "Company"). The information in this handbook supersedes all rules and policies that may previously have been expressed or implied, in both written and oral format. Compliance with this handbook is compulsory for all employees. The Company reserves the right to interpret this handbook's content as it sees fit, and to deviate from policy when it deems necessary.

1.2 Changes of Policy

Melody Smoke & Vape reserve the right to change this handbook's content, at any time and at our sole discretion. Its provisions may not be altered by any other means, oral or written. You will receive written notice of any changes we make to the employee handbook, and are responsible for understanding and complying with all up-to-date policies. If you are confused about any information defined herein, please contact the Human Resources Manager.

1.3 Employment Forms

All new employees are required to complete and submit the following forms. Starred (*) forms can be found at the end of this manual. All others have been or will be provided separately.

*At-Will Employment Agreement and Acknowledgement of Receipt of Employee Handbook **

Employment Eligibility Form I-9

On the day of hire, each new employee is legally obligated to complete the Employment Eligibility Verification Form I-9 and submit documents establishing identity and eligibility within the next three business days. The same policy applies to re-hired employees whose I-9's are over three years old or otherwise invalid.

Non-Disclosure Agreement

This agreement prohibits the unauthorized disclosure of confidential Company information, via any means of communication, including, but not limited to, face-to-face, over the phone and via the Internet.

Section 2. Terms & Definitions

Melody Smoke & Vape typically employs less than 20 employees regular and temporary employees on an "at-will" basis. This section defines the terms of "at-will" employment, as well as the different types of employees we hire.

2.1 Definition of "At-Will" Employment

The job of an "at-will" employee is not guaranteed. It may be ended, at any time and with or without notice, by the employee or, for a lawful reason, by the Company. The Company also reserves the right to alter an "at-will" employee's benefits, pay rate, and assignments as it sees fit. The "at-will" terms of an employee's employment may only be changed by the President, CEO or CFO, and must be signed by the President or the CEO.

2.2 Types of Worker

This section distinguishes between the different types of workers the Company employs. Employee status is established at the time of hire and may only be altered via a written statement signed by the Company.

Exempt vs Non-Exempt

The majority of employees are non-exempt, meaning they are entitled by law to at least minimum wage and premium pay for overtime. Exempt employees are not subject to these laws. Exempt status is defined by particular standards set by state law and the Federal Labor Standards Act (FLSA). This class of employee is usually an executive, an administrator, or a highly paid specialist such as a programmer.

Regular vs. Temporary

Regular employees work a regular schedule, either on a full-time or part-time basis. To be considered full-time, an employee must work at least 30 hours per week. A temporary employee is a person we hire for a short period (usually 3 months at maximum) to assist with a project or remedy a staff shortage. A temporary employee is also employed on an "at-will" basis (defined above).

Independent Contractors & Consultants

Independent contractors and consultants are not Company employees, but rather self-employed professionals whom we hire for specific projects. Unlike employees, they do not operate under Company direction, and control their own methods, materials and schedules. They are not eligible for Company benefits.

Section 3. Payroll

3.1 Payment Schedule

Employees are paid weekly generally on Friday . In cases where the regular payday falls on a holiday, Employees will receive payment on the last business day before said holiday.

3.2 Wages

Wages vary from employee to employee and are based on level of skill and experience. The Company conducts regular evaluations of all employees and issues promotions as it sees fit. Employees who feel entitled to higher pay may contact Michael Singh to discuss.

In addition to regular pay, employees may have the option of earning overtime pay.

Overtime

A non-exempt employee may work overtime on the terms defined by Indiana law *pending prior authorization by his or her manager.*

3.3 Deductions & Garnishment

Federal and state law requires that we deduct the following from every paycheck:

- Social Security
- Income tax (federal and state)
- Medicare
- State Disability Insurance & Family Temporary Disability Insurance
- Other deductions required by law or requested by the employee

A Wage and Tax Statement (W-2) recording the previous year's wages and deductions will be provided at the beginning of each calendar year.

If at any time you wish to adjust your income tax withholding, please fill out the designated form and submit it to Accounting.

Wage Garnishment

Sometimes, the Company receives legal papers that compel us to garnish an employee's paycheck - that is, submit a portion of said paycheck in payment of an outstanding debt of the Employee. We must, by law, abide by this either until ordered otherwise by the court or until the debt is repaid in full from withheld payments.

Section 4. Rights & Policies

The following section summarizes your legal rights as an employee of Melody Smoke & Vape. Questions about any policy detailed in this section may be addressed with a Human Resources representative.

4.1 Equal Opportunity Employment Policy

The Company provides equal employment opportunities to all applicants, without regard to unlawful considerations of or discrimination against race, religion, creed, color, nationality, sex, sexual orientation, gender identity, age, ancestry, physical or mental disability, medical condition or characteristics, marital status, or any other classification prohibited by applicable local, state or federal laws. This policy is applicable to hiring, termination and promotion; compensation; schedules and job assignments; discipline; training; working conditions, and all other aspects of employment. As an employee, you are expected to honor this policy and to take an active role in keeping harassment and discrimination out of the workplace.

4.2 Accommodation for Disabled Employees

We are happy to work with otherwise qualified disabled employees in order to accommodate limitations, in accordance with the Americans with Disabilities Act (ADA). It is up to the employee to approach his or her supervisor with this request, and to provide medical proof of his or her needs upon the Company's request.

We are also happy to accommodate employees diagnosed with life-threatening illnesses. Such employees are welcome to maintain a normal work schedule if they so desire, provided that we receive medical papers proving their working cannot harm themselves or others and their work remains at acceptable standards.

4.3 Employment of Minor

Our policy on employment of minors adheres to all FLSA standards, including the following:

- Minimum employment age (14 for non-agricultural work)
- Maximum weekly hours for employees under 16
- Minimum hazardous job employment age (18) & Minimum Tobacco, Ecigs & liquor job employment age (21).
- Sub-minimum wage standards for students, apprentices, disabled employees, and employees under the age of 20.

4.4 Employment of Relatives

The employment of relatives can prove problematic, particularly situations where relatives share a department or a hierarchical relationship. The Company will not hire relatives to work in any potentially disruptive situation. An employee must inform us if he or she become a co-worker's relative. If at any time we perceive the situation to be dysfunctional, we may have to reassign or ask for one relative's resignation in order to remedy the situation.

4.5 Religion & Politics

Melody Smoke & Vape is respectful of all employees' religious affiliations and political views. We ask that if you choose to participate in a political action, you do not associate the Company in any way.

We are happy to work with employees to accommodate political and religious obligations, provided accommodations are requested from a manager in advance.

4.6 Private Information

Employee information is considered to be private and only accessed on a need-to-know basis. Your healthcare information is completely confidential unless you choose to share it. In some cases, employees and management may receive guidelines ensuring adherence to the Health Insurance Portability and Accountability Act (HIPAA).

Personnel files and payroll records are confidential and may only be accessed for legitimate reason. If you wish to view your files, you must set up an appointment in advance with Human Resources. A Company-appointed record keeper must be present during the viewing. You may only make photocopies of documents bearing your signature, and written authorization is needed to remove a file from Company premises. You may not alter your files, although you may add comments to items of dispute.

Certain information, such as dates of employment and rehiring eligibility, are available by request only. We will not release information regarding your compensation without your written permission.

4.7 Leaves of Absence

Employees requiring time off from work may apply for a leave of absence.

All leaves must be approved by management. For planned leaves, employees must submit requests at least 5 days in advance. Emergency leaves must be requested as soon as possible. Accepting/performing another job or applying for

unemployment benefits during leave will be considered voluntary resignation.

We consider all requests in terms of effect on the Company and reserve the right to approve or deny requests at will, except when otherwise directed by law. Any request for a leave of absence due to disability will be subject to an interactive review. A medical leave request must be supported in a timely manner by a certification from the employee's health care provider. Extension of leave must be requested and approved before the current leave ends. No employee is guaranteed reinstatement upon returning from leave, unless the law states otherwise. However, the Company will try to reinstate each returning employee in his or her old position, or one that is comparable.

Below are the three main types of leave that Melody Smoke & Vape offers employees. Some, but not all, are governed by law.

Work-Related Sickness & Injury

Employees eligible for Worker's Compensation rendered unable to work because of work-related injury or illness will receive an unpaid leave for the period required. For eligible employees, the first 12 weeks will be treated concurrently as a family and medical leave under the Family and Medical Leave Act.

Maternity

An employee disabled on account of pregnancy, childbirth, or a related medical condition may request an unpaid leave of absence of up to four months. Time off may be requested for prenatal care, severe morning sickness, doctor-ordered bed rest and recovery from childbirth.

Election Days

Provided an employee's schedule does not allow time for voting outside of work, and that he/she is a registered voter, he/she may take up to two hours, with pay, at the beginning or end of a workday, to vote in local, state or national elections.

Section 5: Company Policies: All Employees must comply with company policy

5.1 NON-SOLICITATION:

During your employment with the Company and for a period of six (6) months thereafter, you agree to not directly or indirectly:

Employ or participate in the solicitation for employment, or otherwise attempt to secure the services of any employee of the Company, its group Companies and/or its clients. Motivating employees to quit job or not perform duties or Solicit or canvass work from, become employed by, or otherwise provide services of a similar type to those being provided by the Company to any direct or indirect Company's competition within Five (5) mile radius or its group Company. Interfere with the terms of dealing or the relationship between the Company and its Customers both direct and indirect.

5.2 NON-COMPETE:

You agree not to accept employment, work for, or provide services, either directly or indirectly, as an employee, contract employee, service provider or a consultant, or by way of any other arrangement, with any entity which is engaged in, or proposes to engage in providing services of the type offered by the Company store within 5 mile radius during your employment with the Company and for a period of six (6) months after termination of your employment with the Company for whatever cause or reason within 5 mile radius of any company store. Provided further that, at no time during your employment or after termination thereof, you shall conduct any such activity using the Confidential and Proprietary Information of the Company in any manner whatsoever.

5.3 NON-DISCLOSURE:

During the course of your employment with the Company you will have access to sensitive or confidential information including, but not limited to, contact details of the Company's customers, employees and business partners, training manuals, agreements, resume databases, etc. which have commercial value to the Company. All such information and other documents that you have been given access to, whether commercial or otherwise, are valuable, special and unique assets of the Company. During and after the term of your employment with the Company, you will be legally bound not to use for your own purposes, publish or divulge any such information or documents, directly or indirectly, for compensation or otherwise, in any form, to any person, firm, organization or any other entity for any reason whatsoever. In the event of a breach or threatened breach of this clause by you, the Company shall be entitled to take suitable legal action against you for recovery of direct or potential losses resulting from such breach or threatened breach. During and after the term of your employment with the Company, you may not conduct any activity, commercial or otherwise, using any confidential or proprietary information of the Company.

You may not make any public announcements or disclosures of any information relating to the Company's affairs, finances or business, including information relating to the affairs, finances or business of its clients, customers or suppliers, without the prior written consent of a Director of the Company. This includes any public announcements or disclosures of information using the Internet or other electronic media. The confidentiality of our processes and identity of employees, clients and customers is key to us and you must not use their names in any way to further your own position or promote yourself.

This Non-Disclosure clause shall survive any termination of employment with the Company.

Section 6. Rules of Conduct

6.1 On the Job

Reporting for Work

Employees are expected to begin and end each shift at the time and on the day appointed. You must inform your supervisor *before* the start of the work day if you will be absent or late, and obtain his or her permission to leave early. Absences and late arrivals will be recorded. Should your absences or tardiness exceed a reasonable limit, you will be subject to disciplinary action and possible termination. Failing to call one's supervisor or report to work for consecutive workdays will be considered voluntary resignation, and result in removal from payroll.

Clocking In & Clocking out

If you are a non-exempt employee, it is your responsibility to clock in when you begin your shift and clock out when you finish. If you forget, bear in mind that your time card cannot be updated without your supervisor's approval.

Staying Safe

Safety in the workplace is the Company's number one priority. You must inform your supervisor in the event of unsafe conditions, accident or injury, and use safe working methods at all times.

Meals & Breaks

Employees may be entitled to 10 minutes break after every 6 hours during 8 hours and over shifts.

Cell Phone Use

Cell phones brought to work must be on silent or vibrate mode to avoid disrupting coworkers. They may only be used during breaks and meal periods, away from where others are working. If cell phone use interferes with operations in any way, an employee's cell phone privilege may be rescinded and disciplinary action, up to and including termination, may be used.

Employees who receive Company cell phones should strive to use them for Company business only. All phones must be shut off during meetings.

6.2 Rules & Policies

Confidentiality

No previous or current employee may disclose or give access to confidential Company information, in any way or at any time, unless otherwise authorized by Management.

Discrimination & Harassment

In keeping with our Equal Opportunity Employment clause, the Company will not tolerate on-site discrimination or harassment on any legally protected basis, including that of physical characteristics, mental characteristics, race, religious or political views, nationality, disability, medical condition, sex, sexual preference, or gender identification. Harassment and discriminatory behaviour among employees or contractors will result in disciplinary action, with the possibility of termination. Discrimination and harassment by customers or other business associates should be immediately reported to your supervisor, at which point the Company will investigate and take corrective action. You are welcome to seek legal relief if you find the Company's actions inadequate.

Drugs & Alcohol

Good performance on the part of our employees is crucial to Melody Smoke & Vape's success. For this reason, we strictly forbid employees to do the following while at work*:

- Drinking alcohol and selling, purchasing or using illegal drugs at work. An "illegal drug" is any drug that has not been obtained by legal means. This includes prescription drugs being used for non-prescribed purposes.
- Possession of any non-prescribed controlled substance, including alcohol and legal illegally obtained prescription drugs.
- Reporting for work intoxicated. We reserve the right to test employees for substance abuse. Illegal drugs, illegal drug metabolites, or excessive alcohol in your system will result in disciplinary action.

The Company cares about the overall health and well-being of its employees. Any employee who feels that he/she is developing a substance abuse problem is urged to seek help. The Company will grant time off (within reason) for rehabilitation. Be advised, however, that this will not excuse a substance-related offense. In some cases, completion of Company-approved rehabilitation program may serve as an alternative to termination.

**Any piece of Company property, including Company vehicles, as well as during work hours.*

6.3 Disciplinary Action

The Company takes disciplinary matters very seriously, and will exact discipline as it sees fit for any unacceptable action or behaviour. These may include:

- Excessive lateness and/or absence
- Improper or indecent conduct
- Poor communication
- Uncooperative attitude
- Abuse, perfunctory or unauthorized use, or unauthorized possession of Company property
- Unauthorized use or disclosure of Company information
- Possession and/or use of illegal drugs, weapons or explosives
- Illegal harassment and/or discrimination - of any kind
- Violation of Company policy

Disciplinary action may consist of anything from verbal/written warnings and counselling to demotion, transfer, suspension or termination. Rather than follow rote procedures, the Company will handle each matter individually to ensure fairness to all involved. Please review and internalize the list of "Don'ts" above, and make an effort to use good judgments at all time.

Workplace Inspections

At Melody Smoke & Vape, we have a responsibility to protect our employees and our property. For this reason, we reserve the right to inspect the following, at any time, with or without notice:

- Offices
- Computers and other equipment
- Company vehicles
- Any personal possessions brought onto Company premises, such as handbags, briefcases, and vehicles.

All inspections are compulsory. Those who resist inspection may be denied access to Company premises.

At-Will Employment Agreement and Acknowledgement of Receipt of Employee Handbook

Employee:

I acknowledge that I have received a copy of the Melody Smoke & Vape Employee Handbook, which contains vital information on the Company's policies, procedures and benefits.

I understand that this handbook's policies are intended only as guidelines, not as a contract of employment. I understand that my employment is on "at-will" terms and therefore subject to termination, with or without notice or obvious reason, by myself or the Company. Changes to my "at-will" status may only take the form of a written agreement signed by an authorized member of the Company as well as myself. This agreement supersedes all prior/contemporaneous inconsistent agreements.

I understand that the Company may change its policies, procedures and benefits at any time at its discretion, as well as interpret or vary them however it deems appropriate.

I have read (or will read) and agree to abide by all policies and procedures contained therein.

Employee: _____
Signature: _____
Date: _____

Ray Dhaliwal
