

Running Free, Inc. Employee Manual



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Mail to: 1930-A Lincoln Drive, Annapolis, Maryland 21401
Phone (410) 263-1981 Fax (410) 280-6952 Email info@schoonerwoodwind.com
Web www.schoonerwoodwind.com

Welcome to Running Free, Inc.

Dear Staff;

We're very happy to welcome you to Running Free, Inc. Thank you for joining us! We want you to feel that your association with both companies will be a mutually beneficial and pleasant one.

You have joined an organization that has established an outstanding reputation for quality products/services. Credit for this goes to every one of our employees. We hope you, too, will find satisfaction and take pride in your work here.

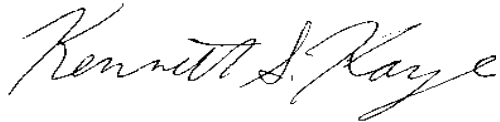
This Manual provides answers to most of the questions you may have about Running Free, Inc.'s benefit programs, as well as the company policies and procedures we abide by -- our responsibilities to you and your responsibilities to the company. If anything is unclear, please discuss the matter with your manager. You are responsible for reading and understanding this Employee Manual, and your performance evaluations will reflect your adherence to our policies. In addition to clarifying responsibilities, we hope this Employee Manual also gives you an indication of our interest in the welfare of all who work here.

From time to time, the information included in our Employee Manual may change. Every effort will be made to keep you informed through suitable lines of communication, including postings on the company bulletin boards and/or notices sent directly to you in-house.

Compensation and personal satisfaction gained from doing a job well are only some of the reasons most people work. Most likely, many other factors count among your reasons for working -- pleasant relationships and working conditions, career development and love of boating are just a few. We are committed to doing our part to assure you of a satisfying work experience.

I extend to you my personal best wishes for your success and happiness at Running Free, Inc.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth S. Kaye". The signature is written in black ink and is positioned below the word "Sincerely,".

Kenneth Kaye, President
Running Free, Inc.

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You're Part of Our Team...

As a member of Running Free, Inc.'s team, you will be expected to contribute your talents and energies to improve the environment and quality of the company, as well as the company's services. In return, you will be given opportunities to grow.

Running Free, Inc.'s Core Values are as follow:

1. Enthusiastically inspire to be exceptional.
2. Guests and employees are treated like family (yes, you still have to sail in the rain).
3. Motivate professionally and in the safest manner.

We have a substance abuse policy; because you have a right to know you can depend on your co-workers and the safe operation of our vessel(s) require all employees to be drug free. Additionally, the US Coast Guard requires all crewmembers/captains to be enrolled in a pre-employment/random drug-testing program based on stringent SAMSHA standards.

The only things we require for employment, compensation, advancement, and benefits are performance and a good team attitude; however, all employment at Running Free, Inc. is "at will." No one will be denied opportunities or benefits on the basis of age, sex, color, race, creed, national origin, religious persuasion, marital status, political belief, or disability that does not prohibit performance of essential job functions; nor will anyone receive special treatment for those reasons.

Your Various Benefits With Running Free, Inc.

You may not have thought about it, but the value of your benefits amounts to a considerable sum each year in addition to the wages or salary you earn.

These are just some of the benefits Running Free, Inc. provides for eligible employees each year:

- Employee Purchases (Discounts on Company Merchandise, Services)
- Health Benefits
- Sick Leave
- Vacation

Purpose of This Manual

This Manual has been prepared to inform you about Running Free, Inc.'s history, philosophy, employment practices, and policies, as well as the benefits provided to you as a valued employee and the conduct expected from you.

No employee manual can answer every question, nor would we want to restrict the normal question and answer interchange among us. It is in our person-to-person conversations that we can better know each other, express our views, and work together in a harmonious relationship.

We hope this Manual will help you feel comfortable with us. We depend on you -- your success is our success. Please don't hesitate to ask questions. Your manager will gladly answer them. We believe you will enjoy your work and your fellow employees here. We also believe you will find Running Free, Inc. a good place to work.

We ask that you read this Manual carefully, and refer to it whenever questions arise. We also suggest that you take it home so your family can become familiar with Running Free, Inc. and our policies.

Running Free, Inc.'s policies, benefits and rules, as explained in this Manual, may be changed from time to time as business, employment legislation, and economic conditions dictate. If and when provisions are changed, you will be given replacement pages for those that have become outdated. A copy will also be placed in the dock office.

Notice

The policies in this Manual are to be considered as guidelines. Running Free, Inc., at its option, may change, delete, suspend or discontinue any part or parts of the policies in this Manual at any time without prior notice. Any such action shall apply to existing as well as future employees with continued employment being the consideration between the employer and employee. Employees may not accrue eligibility for monetary benefits that they have not earned through actual time spent at work. Employees shall not accrue eligibility for any benefits, rights, or privileges beyond the last day worked. No one other than the President of Running Free, Inc. or designated representative may alter or modify any of the policies in this Manual. No statement or promise by a supervisor, manager, or department head may be interpreted as a change in policy nor will it constitute an agreement with an employee.

Should any provision in this Employee Manual be found to be unenforceable and invalid, such finding does not invalidate the entire Employee Manual, but only the subject provision.

Note: Throughout this Employee Manual, masculine pronouns such as he, his, or him shall be construed so as to include both sexes.

This manual replaces (supersedes) all other previous manuals for Running Free, Inc. as of March 2014.

An Overview of Running Free, Inc.

- About Running Free, Inc.
- Running Free, Inc. Organization Chart
- What You Can Expect From Running Free, Inc.
- What Running Free, Inc. Expects From You

About Running Free, Inc.

In 1993, Schooner Woodwind/Running Free, Inc. was formed to provide tourists and corporate planners with an upscale alternative tour/cruise on the Chesapeake Bay with an emphasis on sailing in the “Sailing Capital of America”. This purpose filled a void in Annapolis and our success is based on the premise. The Woodwind was custom designed and built for this purpose. The owners are former successful public school teachers who enjoyed long sailing vacations for more than 20 years.

In early 1995, the contract to run the docks at the Marriott was offered to us and we began to market a variety of services to benefit tourists and water enthusiasts in Annapolis and help the Marriott achieve its goal of a downtown waterfront resort. As we learned more about this exciting venue, we have had the opportunity to expand our offerings and in 1997 had another Woodwind built, naming it Woodwind II, which started service in 1998.

Ken and Ellen, owners, are successful racers as well, having earned more than 15 trophies per season over a span of 11 years. We are most proud of winning the Great Chesapeake Bay Schooner Race in October 1995, 2003, 2004, and 2012 as first overall, first to finish and first in class. Our design input into the creation of Woodwind, provides everyone a true sailing experience. Our small, family run business creates a friendly, warm atmosphere for all guests.

The Waterfront provides dockage for hotel overnight guests, Pusser’s patrons, and the general public, selling Woodwind public cruise tickets and other future possibilities. We have automated much of these services with a computer using an Online POS system for accurate accounting and sales reports.

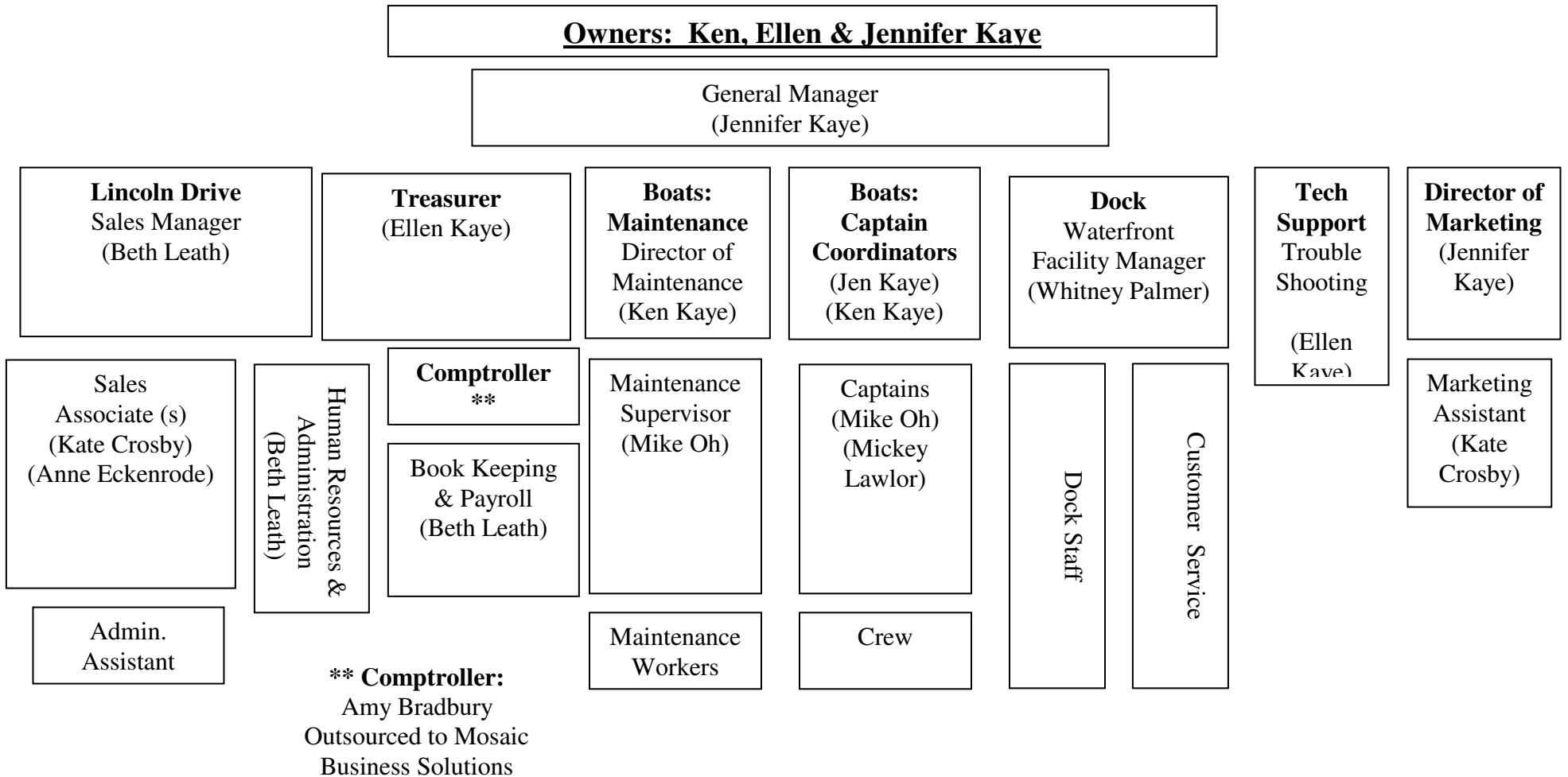
We are active with the local Visitor’s Bureau. We donate many tickets per year to various civic groups, health organizations and other worthy causes. There are a few charters per year that are provided at no cost to the organization. Many of these are “FAM” in nature, short for familiarization trips to help the Visitor’s Center sell Annapolis, or to promote boating organizations.

It is the family concept that is emphasized with all staffing. The team effort that works on any vessel is important in our total business environment. Managers provide the guidance, discipline and motivation for all staff just as parents would provide for their youngsters. The whole is the sum of all the parts and we can only be great if all the parts are doing their jobs well.

Our collective mission is to provide visitors in Annapolis an unforgettable experience on the Bay through friendly, informative staff and safe, well-maintained vessels. Our love for boating is reflected in all we do. We act as good will ambassadors for the City, County and State in what we do and how we do it.

Running Free, Inc. Organization Chart

Running Free Inc. / DBA: Schooner Woodwind Sailing Cruises



What You Can Expect From Running Free, Inc.

Running Free, Inc.'s established employee relations policy is to:

- Operate an economically successful business so that a consistent level of steady work is available.
- Select people on the basis of skill, training, ability, attitude, and character without discrimination with regard to age, sex, color, race, creed, national origin, religious persuasion, marital status, political belief, or disability that does not prohibit performance of essential job functions.
- Pay all employees according to their effort and contribution to the success of our business.
- Review wages, employee benefits and working conditions constantly with the objective of providing maximum benefits in these areas, consistent with sound business practices.
- Provide eligible employees with medical, disability, retirement, and other benefits.
- Develop competent people who understand and meet our objectives; and who accept with open minds, the ideas, suggestions, and constructive criticisms of fellow employees.
- Assure employees, after talking with their manager, an opportunity to discuss any problem with officers of Running Free, Inc.
- Make prompt and fair adjustment of any complaints which may arise in the everyday conduct of our business, to the extent that it is practical.
- Respect individual rights, and treat all employees with courtesy and consideration.
- Maintain mutual respect in our working relationship.
- Provide attractive, comfortable, orderly, and safe vessels and offices.
- Make promotions or fill vacancies from within Running Free, Inc. whenever possible.
- Keep all employees informed of the progress of Running Free, Inc., as well as the company's overall aims and objectives.
- Do all these things in a spirit of friendliness and cooperation so that Running Free, Inc. will continue to be known as "a great place to work!"
- Provide training for staff and managers.

What Running Free, Inc. Expects From You

Your first responsibility is to know your own duties and how to do them promptly, correctly and pleasantly. Secondly, you are expected to cooperate with management and your fellow employees and maintain a good team attitude. How you interact with fellow employees and those whom Running Free, Inc. serves, and how you accept direction can affect the success of your company. In turn, the performance of one company can impact the entire services offered by Running Free, Inc. Consequently, whatever your position, you have an important assignment: perform every task to the very best of your ability. The result will be better performance for the company overall, and personal satisfaction for you.

We strongly believe you should have the right to make your own choices in matters that concern and control your life. We believe in direct access to management. We are dedicated to making Running Free, Inc. companies where you can approach your manager, or any member of management, to discuss any problem or question. We expect you to voice your opinions and contribute your suggestions to improve the quality of Running Free, Inc. We are all human, so please communicate with each other and with management.

Remember, you help create the healthful, pleasant and safe working conditions that Running Free, Inc. intends for you. Running Free, Inc. cares about your dignity, that of your fellow employees, as well as our customers. We hope that you will respect this and understand that Running Free, Inc. takes pride in itself and the staff as a whole. Please accept and learn from the training that Running Free, Inc. provides and offers to you.

Running Free, Inc. needs your help in making each working day enjoyable and rewarding.

Personnel Administration

The task of handling personnel records and related personnel administration functions at Running Free, Inc. has been assigned to Human Resources. Questions regarding insurance, wages, and interpretation of policies may be best directed to your manager, who can in turn direct you to the appropriate individual.

Your Personnel File

Keeping your personnel file up-to-date can be important to you with regard to pay, deductions, benefits and other matters. If you have a change in any of the following items, please be sure to notify your manager or HR as soon as possible:

- Legal Name
- Home Address
- Contact Phone Number
- Person to call in case of Emergency
- Number of Dependents
- Marital Status
- Driving Record or Status of Driver's License, if you operate any Running Free, Inc. vehicles
- Military or Draft Status
- Exemptions on your W-4 Tax Form

Coverage or benefits that you and your family may receive under Running Free, Inc.'s benefits package could be negatively affected if the information in your personnel file is incorrect.

Employment Classifications

Types of Employees

At the time you are hired, you are classified as either hourly or salaried, which is an "exempt" classification. Unless otherwise specified, the benefits described in this Manual apply to all employees who are working on the boats, dock or customer service.

If you were a salaried employee and have been on an approved leave of absence, upon return you will be considered a salaried employee, provided you return to work as agreed in the provisions of your leave.

"Non-Exempt" and "Exempt" Employees

All employees are classified as "exempt" or "non-exempt". By law, employees in certain types of jobs are not entitled to overtime pay for hours worked in excess of forty hours (40) per workweek. These employees are referred to as "exempt" in this Manual. This means that they are exempt from (and therefore should not receive) overtime pay.

Exempt employees are managers, executives, professional staff, and others whose duties and responsibilities allow them to be "exempt" from overtime pay provisions as provided by the [Maryland Department of Labor, Licensing and Regulation](#).

Employment Policies

Please, carefully read this Manual. It is designed to answer many of your questions about the practices and policies of Running Free, Inc., what you can expect from Running Free, Inc., and what Running Free, Inc. expects from you.

Anniversary Date

The first day you report to work is your “official” anniversary date. Your anniversary date is used to compute various conditions and benefits described in this Manual.

At Will Employment

All employment and compensation with Running Free, Inc. is "at will" which means that your employment can be terminated with or without cause, and with or without notice, at any time, at the option of either Running Free, Inc. or yourself, except as otherwise provided by law.

Bonding Requirement

Under certain circumstances, Running Free, Inc. may require that you be bonded. It is your responsibility to assure that you are bondable. Running Free, Inc. will pay the cost of bonding. Should you fail to maintain these qualifications, you will be subject to transfer to another position, if available, or dismissal.

Business Hours

Our regular operating hours are 9:30 am through 9:30 pm seven days per week for crewmembers. When there is a private charter, the hours may be extended or begun earlier.

Dock operating hours are from 9:00 am to 11:30 pm Saturdays, 9:00 am to 9:30 pm Sundays, 9:30 am to 9:30 pm Mondays through Thursday and 9:30 am to 11:30 pm Fridays. The Dock Office operating hours are from 8:30am – 7:00pm, 7 days a week. Business Office operating hours are from 9:00am – 5:00pm, Monday through Friday.

The above hours are guidelines. Work hours can vary according to business needs beyond what is described above. For more information regarding Working Hours and Scheduling Information, please refer to Work Schedule section.

Confidential Information

Our customers and suppliers entrust Running Free, Inc. with important information relating to their businesses. The nature of this relationship requires maintenance of confidentiality. In safeguarding the information received, Running Free, Inc. earns the respect and further trust of our customers and suppliers.

Your employment with Running Free, Inc. assumes an obligation to maintain confidentiality, even after you leave our employ.

Any violation of confidentiality seriously injures Running Free, Inc.'s reputation and effectiveness. Therefore, please do not discuss Running Free, Inc. business with anyone who does not work for us, and never discuss business transactions with anyone who does not have a direct association with the transaction. Even casual remarks can be misinterpreted and repeated, so develop the personal discipline necessary to maintain confidentiality. If you hear, see or become aware of anyone else breaking this trust, consider what he or she might do with information they get from you.

If you are questioned by someone outside the company or your department and you are concerned about the appropriateness of giving them certain information, remember that you are not required to answer, and that we do not wish you to do so. Instead, as politely as possible, refer the request to your manager.

No one is permitted to remove or make copies Running Free, Inc. records, reports or documents without prior management approval.

Because of its seriousness, disclosure of confidential information could lead to dismissal.

Proprietary Information & Social Media

All documents, communication, images, or any other media files distributed by Running Free, Inc. or its representatives that pertain to Schooner Woodwind and the Dock are considered property of Running Free, Inc. Posting, sharing, or distributing content that represents Running Free, Inc. in a derogatory way or a way that can be construed to be derogatory is prohibited. This includes documents, photographs, and any other information relating to Running Free, Inc., Running Free, Inc.'s employees, and Running Free, Inc.'s property. It also pertains to sharing of such information with media, other businesses, and social media outlets such as Facebook, Twitter, YouTube, and personal websites. Failure to abide by this policy is grounds for immediate dismissal. Please see more under "Information Technology Policies."

Customer Relations

The success of Running Free, Inc. depends upon the quality of the relationships between Running Free, Inc., our employees, our customers, our suppliers and the general public. Our customers' impression of Running Free, Inc. and their interest and willingness to purchase our services is greatly formed by the people who serve them. In a sense, regardless of your position, you are Running Free, Inc.'s ambassador. The more goodwill you promote, the more our customers will respect and appreciate you and our companies' services.

Here are several things you can do to help give customers a good impression of Running Free, Inc:

- Act competently and deal with customers in a courteous and respectful manner.
- Communicate pleasantly and respectfully with other employees at all times.
- Follow up on orders and questions promptly, provide businesslike replies to inquiries and requests, and perform all duties in an orderly manner.
- Take great pride in your work and enjoy doing your very best.

These are the building blocks for your and Running Free, Inc.'s continued success. Thank you for adding your support.

Equal Employment Opportunity

Running Free, Inc. has a long standing record of nondiscrimination in employment and opportunity because of race, color, religion, creed, national origin, ancestry, disability, sex or age. The President has issued the following policy stating the Company's views in this matter:

It is the policy of Running Free, Inc. to:

- Strictly follow personnel procedures that will ensure equal opportunity for all people without regard to race, color, religion, creed, national origin, sex, age, ancestry, marital status, disability, veteran or draft status.
- Comply with all the relevant and applicable provisions of the Americans with Disabilities Act ("ADA"). Running Free, Inc. will not discriminate against any qualified employee or job applicant with respect to any terms, privileges, or conditions of employment because of a person's physical or mental disability.
- Make reasonable accommodations wherever necessary for all employees or applicants with disabilities, provided that the individual is otherwise qualified to safely perform the duties and assignments connected with the job and provided that any accommodations made do not require significant difficulty or expense.

- Achieve understanding and acceptance of Running Free, Inc.'s policy on Equal Employment Opportunity by all employees and by the communities in which the companies operate.
- Thoroughly investigate instances of alleged discrimination and take corrective action if warranted.
- Be continually alert to identify and correct any practices by individuals that are at variance with the intent of the Equal Employment Opportunity Policy.

Running Free, Inc. would like to reaffirm this policy and call upon all personnel to effectively pursue the policy as stated.

Please check the employee information bulletin board for all related equal opportunity and job announcements.

Former Employees

Depending on the circumstances, Running Free, Inc. may consider a former employee for re-employment. Such applicants are subject to Running Free, Inc.'s usual pre-employment procedures. To be considered, an applicant must have been in good standing at the time of their previous termination of employment with Running Free, Inc. and must have provided at least two weeks advance notice of their intention to terminate their employment with Running Free, Inc.

Harassment Policy

Running Free, Inc. intends to provide a work environment that is pleasant, healthful, comfortable, and free from intimidation, hostility or other offenses that might interfere with work performance. Harassment of any sort - verbal, physical, or visual - will not be tolerated.

What Is Harassment?

Harassment can take many forms. It may be, but is not limited to: words, signs, jokes, pranks, intimidation, physical contact, or violence. Harassment is not necessarily sexual in nature.

Sexually harassing conduct may include unwelcome sexual advances, requests for sexual favors, or any other verbal or physical contact of a sexual nature that prevents an individual from effectively performing the duties of their position or creates an intimidating, hostile or offensive working environment, or when such conduct is made a condition of employment or compensation, either implicitly or explicitly.

Responsibility

All Running Free, Inc. employees, and particularly managers, have a responsibility for keeping our work environment free of harassment. Any employee, who becomes aware of an incident of harassment, whether by witnessing the incident or being told of it, must report it to their immediate manager or any management representative with whom they feel comfortable. When management becomes aware that harassment might exist, it is obligated by law to take prompt and appropriate action, whether or not the victim wants the company to do so.

Reporting

Any incidents of harassment must be immediately reported to a manager or other management representative. Appropriate investigation and disciplinary action will be taken. All reports will be promptly investigated with due regard for the privacy of everyone involved. Any employee found to have harassed a fellow employee or subordinate would be subject to severe disciplinary action or possible discharge. Running Free, Inc. will also take any additional action necessary to appropriately remedy the situation. No adverse employment action will be taken for any employee making a good faith report of alleged harassment.

Running Free, Inc. accepts no liability for harassment of one employee by another employee. The individual who makes unwelcome advances, threatens or in any way harasses another employee is personally liable for such actions and their consequences. Running Free, Inc. will not provide legal, financial or any other assistance to an individual accused of harassment if a legal complaint is filed.

Health Examinations

Running Free, Inc. reserves the right to require an employee to participate in a health examination to determine the employee's fitness to perform his/her essential job functions. The company shall pay for all such health exams.

How You Were Selected

We carefully select our employees through written application, personal interview, reference checks, and where applicable, background/credit checks. After all available information was carefully considered and evaluated; you were selected to become a member of our team.

This careful selection process helps Running Free, Inc. to find and employ people who are concerned with their own personal success and the success of Running Free, Inc.; people who want to do a job well and who can carry on their work with skill and ability; and people who are comfortable with Running Free, Inc. and who can work well with our team.

Introductory Period

For all hourly employees, we anticipate that you will complete the Introductory Period your first fifteen (15) working days of employment at Running Free, Inc., and during that period you will not accrue benefits described in this Manual unless otherwise required by law. This Introductory Period will be a time for getting to know your fellow employees, your manager and the tasks involved in your job position, as well as becoming familiar with Running Free, Inc.'s products and services.

Each employee will be given a Skills Checklist to complete during this time period and a notebook with instructions. Your manager and co-workers will work closely with you to help you understand the skills needed to be fulfilled on the checklist. We anticipate this checklist to only take 15 working days to complete, however it may take longer. The Introductory Period will extend until the checklist has been completed and signed off by your manager. When completed, increases in pay will show up on the next pay period.

Please note, for crew starting in the maintenance period of our season, this introductory period may stretch beyond 15 days because the boat is not sailing and the sailing area of the checklist cannot be completed.

This Introductory Period is a try-out time for both you, as an employee, and Running Free, Inc., as an employer. During this Introductory Period, Running Free, Inc. will evaluate your suitability for employment, and you can evaluate Running Free, Inc. as well. At any time during this first 15 days, you may resign without any detriment to your record, as long as you give us proper notice for us to replace you. If, during this period, your work habits, attitude, attendance or performance do not measure up to our standards, we may release you.

Please understand that completion of the Introductory Period does not guarantee continued employment for any specified period of time, nor does it require that an employee be discharged only for "cause."

During the Introductory Period, employees are not eligible for tips on either group sales or charters. Cash tips will be dispersed evenly as outlined in the Compensation Section. Each employee that earns a cash tip will be reporting these to the employer per law, and taxes will be taken out of your paycheck according to this law. (<http://www.irs.gov/taxtopics/tc761.html>).

A former hourly employee who has been rehired after a separation from Running Free, Inc. may be considered an introductory employee during their first ten (10) working days following rehire. This will be handled at the owners' discretion.

A former salaried employee who has been rehired after a separation from Running Free, Inc. of less than 2 years will be considered an Introductory Employee during the first 60 days following their rehire date.

Knowledge of Running Free, Inc.

After having learned to competently perform your own duties, your next step is to familiarize yourself with other Running Free, Inc. activities. This can prove valuable to you, our customers and Running Free, Inc. as well. Running Free, Inc. may provide additional “cross-training.”

Knowledge of the services and products of Running Free, Inc. will help you avoid the “I don't know” syndrome. Our customers' confidence in you increases as you are able to answer their basic questions. However, please don't pretend you know the answer or try to guess the answer when you are uncertain. If you are unsure of the correct information, refer the inquiry to your manager, or to a person more qualified to respond.

Non-Compete Agreement

Certain new employees may be required to sign a Non-Compete Agreement prepared by our attorneys as a condition of employment.

Outside Employment

As an employee of Running Free, Inc., any outside activity must not interfere with your ability to properly perform your job duties. If you are a full-time employee of Running Free, Inc., we will expect that your position here is your primary employment.

If you were thinking of taking on a second job, we would ask that you notify your manager immediately. He or she will thoroughly discuss this opportunity with you to make sure that it will not interfere with your job at Running Free, Inc. nor pose a conflict of interest.

Proof of U.S. Citizenship and/or Right to Work

Federal regulations require that:

- Before becoming employed, all applicants must complete and sign Federal Form I-9, Employment Eligibility Verification Form; and
- All applicants who are hired need to present documents of identity and eligibility to work in the U. S.

We Need Your Ideas

Ask any of our employees who have worked with us for a long time and they will probably tell you of the many changes and improvements that have come about in their departments since they first joined us. We believe the person doing a job is in the best position to think of ways of doing it more easily, more efficiently, and more effectively. If you think of a better way of doing your job or the job of a fellow employee, discuss it with your manager, who will welcome your suggestions and ideas.

Rules of Conduct & Discipline

Running Free, Inc. has formed certain rules of conduct to ensure a well-run and pleasant working environment for its employees. Violation of any of these rules could result in disciplinary action, including but not limited to oral and/or written warnings, reprimand, and possible termination depending upon the facts and circumstances of the particular situation. It would be impossible to provide a complete list of potential violations, and Running Free, Inc. will make no attempt to do so. However, employees should understand that any conduct, which threatens or interferes with the orderly operation of Running Free, Inc.'s business (whether or not covered by the rules listed below and in this Handbook) will be grounds for the above-referenced disciplinary action.

Running Free, Inc. reserves the right to use whatever method of discipline, up to and including termination, it deems appropriate to address particular situations. Running Free, Inc. makes no guarantee of progressive discipline, and it will strive to utilize forms of discipline which most effectively and equitably correct problems.

In addition to those rules and standards of conduct set forth elsewhere in this Handbook, the following infractions are merely examples of rule violations that may result in disciplinary action, up to and including termination. **The infractions listed below are not the sole or exclusive grounds for disciplinary action, and, as referenced above, nothing in this section (or this Handbook) is to be construed as altering the parties' at-will employment relationship that enables Running Free, Inc. to terminate a person's employment at any time and for any reason not specifically prohibited by law (whether or not one of these rules are violated):**

1. Falsification of personnel, employment, financial, or any other company record. This includes time sheet falsification and signing in/out for another employee.
2. Rudeness to visitors/clients/customers. If a problem arises with a visitor, client or customer, it is the employee's responsibility to notify a manager immediately. Failing to give a high degree of service or courtesy to a visitor/client/customer will not be tolerated.
3. Dishonesty or any theft or stealing (or attempted theft or stealing) of money or property from Running Free, Inc., clients, or other employees.
4. Use, possession, or being under the influence of alcohol while performing work duties or while otherwise present on Company premises (except as specifically authorized by management), or any other violation of Running Free, Inc.'s policy on alcohol.

5. Use, possession or being under the influence of illegal drugs or controlled substances while performing work duties or while otherwise present on Company premises, or any other violation of Running Free, Inc.'s policy on drugs.
6. Insubordination, failure/refusal to carry out job assignments, unsatisfactory job performance, or neglect of employee job duties (including sleeping on the job).
7. Fighting, acts resulting in injury to others, or possession or use of dangerous weapons (or any other violation of Running Free, Inc.'s policy on workplace violence). Coercion or threats to visitors/clients or fellow employees and/or harassment of any kind against employees or clients is also prohibited. Possession of firearms and explosives is not permitted on Company premises at any time, including parking lots and personal vehicles parked on Company lots.
8. Disclosure of any confidential Company information to unauthorized personnel or in public areas where other employees/visitors/clients could overhear. This would include any type of discussions relating to salaries, bonuses, pay raises or other similar topics.
9. Excessive absenteeism or tardiness, failure to report to work as scheduled, failure to notify your supervisor in the event of tardiness or absence(s), working without management's approval, or unauthorized absence from the work area (or any other violation of Running Free, Inc.'s attendance policy).
10. Damage to or misuse/destruction of company, customer, or employee property or equipment, including unauthorized use of any Company vehicle and/or equipment for any purpose other than transacting Company business or otherwise allowing unauthorized personnel or individuals to drive/operate such vehicle and/or equipment.
11. Discrimination or harassment against anyone because of race, color, age, sex, national origin, disability, religion, or any other protected classification (or any other violation of Running Free, Inc.'s equal employment opportunity and/or anti-harassment policy).
12. Any failure to comply with applicable safety/health rules and practices, or any other action which threatens the health or well-being of fellow employees or the continued productivity and standards of Running Free, Inc., including use of any obscene, abusive, inflammatory, or threatening language while on Company property or in the vicinity of Company personnel or clients.
13. Gambling or other illegal activity on Company property.
14. Performing personal work on Company working time or with Company property/resources, including excessive personal phone calls, emails, or texting while working and use of Running Free, Inc.'s phone system to place personal long-distance/toll calls.

In determining the severity of the disciplinary procedures, consideration will be given to the seriousness of the offense, the previous record of the person involved, length of service, and any other relevant or extenuating circumstances. Final determinations as to discipline are left to Running Free, Inc.'s sole discretion. Levels of discipline include: verbal warning, written warning, final written warning, and termination of employment.

Occurrences of any of the following activities, as well as violations of any Running Free, Inc. rules or policies, may be subject to disciplinary action, including possible immediate dismissal. This list is not all-inclusive and, notwithstanding this list, all employees remain employed "at will."

- Unsatisfactory or careless work; failure to meet production or quality standards as explained to you by your manager; mistakes due to carelessness or failure to get necessary instructions.
- Any act of harassment, sexual, racial or other; telling sexist or racial-type jokes; making racial or ethnic slurs.
- Leaving work before the end of a workday or not being ready to work at the start of a workday without approval of your manager; stopping work before time specified for such purposes.
- Sleeping on the job; loitering or loafing during working hours.
- Excessive use of company telephone for personal calls.
- Leaving your workstation during your work hours without the permission of your manager, except to use the rest room.
- Smoking in restricted areas or at non-designated times, as specified by department rules.
- Creating or contributing to unsanitary conditions.
- Posting, removing or altering notices on any bulletin board on company property without permission of an officer of Running Free, Inc.
- Failure to report an absence or late arrival; excessive absence or lateness.
- Filling your own order or invoicing or ringing up your own order.
- Buying company merchandise for resale.
- Obscene or abusive language toward any manager, employee or customer; indifference or rudeness towards a customer or fellow employee; any disorderly/antagonistic conduct on company premises.
- Speeding or careless driving of a company vehicle.
- Failure to immediately report damage to, or an accident involving company equipment.
- Soliciting during working hours and/or in working areas; selling merchandise or collecting funds of any kind for charities or others without authorization during business hours, or at a time or place that interferes with the work of another employee on company premises.
- Failure to maintain a neat and clean appearance in terms of the standards established by this manual; any departure from accepted conventional modes of dress or personal grooming; wearing improper or unsafe clothing.
- Failure to use your timecard/computer punch-in/out.

Disciplinary Actions

Unacceptable behavior, which does not lead to immediate dismissal, may be dealt with in the following manner:

- Verbal Warning
- Written Warning
- Dismissal

Written warnings will include the reasons for the manager's dissatisfaction and any supporting evidence. You will have an opportunity to defend your actions and rebut the opinion of your manager at the time the warning is issued. Disciplinary actions may also include fines, suspensions or other measures deemed appropriate to the circumstances.

All pertinent facts will be carefully reviewed, and the employee will be given a full opportunity to explain his or her conduct before any decision is reached. The President or another member of senior management will give a second opinion concerning the unacceptable behavior before dismissal occurs.

Crisis Suspension

If you commit any of the actions listed below, or any other action not specified but similarly serious, you will be suspended without pay pending the investigation of the situation. Following the investigation you may be terminated without any previous disciplinary action having been taken.

- Theft
- Falsification of Company records
- Failure to follow safety practices
- Conflict of interest
- Threat of, or the act of doing bodily harm
- Willful or negligent destruction of property
- Use and/or possession of intoxicants, drugs or narcotics
- Neglect of duty
- Refusal to perform assigned work or to follow a direct order
- Failure of a crewmember to arrive on time for a scheduled cruise, unless a dire emergency

Dismissal

Employment and compensation with Running Free, Inc. is "at will" in that they can be terminated with or without cause, and with or without notice, at any time, at the option of either Running Free, Inc. or yourself, except as otherwise provided by law.

If your performance is unsatisfactory due to lack of ability, failure to abide by Running Free, Inc. rules or failure to fulfill the requirements of your job, you will be notified of the problem. If satisfactory change does not occur, you may be dismissed. Some incidents may result in immediate dismissal.

Compensation & Performance

Wage & Salary Policies

It is Running Free, Inc.'s desire to pay wages and salaries that are competitive with other employers in the marketplace in a way that will be motivational, fair and equitable, variable with individual and company performance and in compliance with all applicable statutory requirements.

You are employed by Running Free, Inc. and will be carried directly on our payroll. No person may be paid directly out of petty cash or any other such fund for work performed. The only exception to this policy is where a contract relationship exists with a bona fide contractor.

Application

Running Free, Inc. applies the same principles of fairness and external comparability to all employees, regardless of organizational level, sex, religion, national origin, age or race.

Basis for Determining Pay

Your pay is influenced by three factors:

- The nature and scope of the job
- What other employers pay their employees for comparable jobs
- Individual performance

Individual Pay

An individual's pay within this range will depend on his sustained performance over time. The overall performance rating will influence the wage/salary adjustment. Through individual performance and by increasing job responsibilities, you have significant impact on your pay.

Computing Pay

Running Free, Inc. will compute salaried employees' time on the basis of a forty (40) hour workweek.

When there is a charter or group sail and gratuities are collected in advance by contract, then all captains and crewmembers that were scheduled and worked the charter will be paid a pre-determined amount per hour above their regular wage. This amount will appear as a separate amount on your pay stub. The hourly fee increase will be for the contractual hours of the actual charter and does not include setup time or cleanup time and may not include time when the charter group was not aboard the vessel. See "How Tips are Disbursed" for more information.

Overtime

RUNNING FREE, INC. is exempt from the overtime provision but must pay their employees minimum wage in accordance with Section 13(a)(3) Exemption for Seasonal Amusement or Recreational Establishments Under the Fair Labor Standards Act (FLSA). (<http://www.dol.gov/whd/regs/compliance/whdfs18.htm>).

Maintenance Pay

Maintenance Pay is to be applied only when a maintenance day or period of time is scheduled. Extenuating circumstances that require the captain to significantly extend the day to accomplish an emergency maintenance project, this will be known as "Emergency maintenance pay". Maintenance Pay is not to be applied to down times of the normal day, such as a cancelled cruise or when "deadheading" to a destination. It is not to be applied to normal maintenance needed at the beginning or end of a cruise.

If you think there may be an error in the time records, please notify your manager on duty so that they may contact the payroll department to alert them of the error.

If you think there may be an error in the time records, please notify your manager on duty so that they may contact the payroll department to alert them of the error.

How Tips Are Disbursed Crew and Captains:

Private Charters: When there is a charter by contract, then all captains and crewmembers that were scheduled and worked the charter will be paid an additional \$13.00 per hour above their regular wage. This amount will appear as a separate amount on your pay stub under “tips in”. The hourly fee increase will be for the contractual hours of the actual charter and does not include setup time or cleanup time and may not include time when the charter group was not aboard the vessel. The “tips in” section includes all tip money based on the \$13 per hour.

Group Sails: When there is a Group Sail by contract, then all captains and crewmembers that were scheduled and worked the charter will be paid an additional \$7.00 per hour above their regular wage. This amount will appear as a separate amount on your pay stub under “tips in”. The hourly fee increase will be for the contractual hours of the actual sail and does not include setup time or cleanup time and may not include time when the group was not aboard the vessel.

***During the Introductory Period, employees are not eligible for tips on either group sales or charters.

Tab Bar Tips: If there was a tab bar run on a Private Charter or Group Sail, no additional tips are dispersed, since this is included into the formula of your higher wage. The only time that this would not occur, is if a customer left a much higher gratuity on a tab or wanted to charge an extra gratuity (in which case this would be reviewed by the President/ manager). If a tab was run on a public cruise and charged to a credit card, tips will be dispersed to the crew and captain evenly minus 20% -to account for payroll taxes and credit card fees.

Public Sail Tips: When working on a public cruise, your base pay is paid per hour. If passengers feel like tipping on a public cruise, they should put all tips in the tip jar. If one crew gets an additional tip, this too, should be put in the communal tip jar (we work as a team). If a tab is run for a group of passengers, and they pay in cash on a public cruise- at the end of day, when the captain reconciles the tab, they will put the cash gratuity in the tip jar. All tips are distributed evenly between captain and crew. Each employee that earns a cash tip will be reporting these to the employer per law, and taxes will be taken out of your paycheck according to this law. (<http://www.irs.gov/taxtopics/tc761.html>).

Dock and Customer Service Representative Tips

Each employee that earns a cash tip will be reporting these to the employer per law, and taxes will be taken out of your paycheck according to this law. (<http://www.irs.gov/taxtopics/tc761.html>).

Deductions From Your Paycheck (Mandatory)

Running Free, Inc. is required by law to make certain deductions from your paycheck each time one is prepared. Among these are your federal, state and local income taxes and your contribution to Social Security as required by law. These deductions will be itemized on your check stub. The amount of the deductions may depend on your earnings and on the information you furnish on your W-4 form regarding the number of dependents/exemptions you claim. Any change in name, address, telephone number, marital status or number of exemptions must be reported to your manager or HR immediately, to ensure proper credit for tax purposes. The W-2 form you receive for each year indicates precisely how much of your earnings were deducted for these purposes.

Any other mandatory deductions to be made from your paycheck, such as court-ordered attachments, will be explained whenever Running Free, Inc. is ordered to make such deductions. Some states may require other payroll deductions.

Cash tips: See policy above in Public Sail Tips.

Note: See "Wage Assignments (Garnishments)" later on in this section for further information.

Error In Pay

Every effort is made to avoid errors in your paycheck. If you believe an error has been made, tell your manager immediately. He or she will take the necessary steps to research the problem and to assure that any necessary correction is made properly and promptly.

Work Performed on Holidays

All employees in this seasonal business work holidays without any differential pay adjustment.

Pay Period & Hours

Our payroll workweek begins on Saturday at midnight and ends on Friday at 11:59 p.m.

Pay Cycle

Fiscal Pay Period/Weekly:

(52 pay periods per year) Payday is normally on Friday afternoon for services performed for the one (1) week period ending the previous Friday at 12:00 midnight.

Changes will be made and announced in advance whenever federal holidays or closings interfere with the normal payday.

Paycheck Distribution & Cashing Procedures

Paychecks are distributed by your manager. We strongly encourage all employees to sign up for direct deposit in an effort to streamline the distribution process.

Paychecks may not be cashed at Running Free, Inc.

Business Closure and Emergency Circumstances

There may be emergencies that cause the owner(s) to alter its normal mode of operation. These may include, by example:

- Operations cannot commence or continue due to threats to employees or property or when recommended by civil authorities.
- Public utilities fail to supply electricity, water, or gas, or there is a failure in the public utilities, or sewer system.
- The interruption of work is caused by an "Act of God" (inclement weather, fire, flood, earthquake, or lack of business, etc.) or some other cause not within Running Free, Inc.'s control.

If circumstances beyond the control of Running Free, Inc (as outlined above) force the business office to alter its normal mode of operation, the owner(s) will make the decision whether to cancel work and under what terms.

Some emergencies may require the owner(s) to:

- Suspend operations at our Business Office, the Dock, the vessels and/or any other site at which the business operates from.
- Direct some employees to work from home and log their hours.
- Direct some employees to change their normal operations and help secure the business' property, assets and/or vessels safety.
- Direct some employees to change their normal operations and help inform guests and clients of changes in our operation.
- Direct some employees not to come to work.

Working from home, when approved by the owners, is considered working as long as they log their hours and email them to their manager. The manager will forward the worked hours for payroll.

For our hourly employees, you will not be paid if you do not work.

Termination & Severance Pay

Running Free, Inc. hopes and expects that you will give at least three weeks' notice in the event you intend to leave our employ.

Running Free, Inc. does not pay severance pay. When you leave Running Free, Inc., you will be paid for actual time worked.

Time Records

We do not require salaried employees to clock in or out. However, by law, we are obligated to keep accurate records of the time worked by hourly employees.

This is done by using the Job clock system. When you start, you will be given key fobs that are assigned to you and represent the different types of work you might be doing. These fobs are to be used at the beginning of every shift and at the end. Anytime that you switch from one responsibility to another you will fob out with the red fob and fob back in using the correct "in" fob.

You are responsible for your recording your time. If you forget to fob in or out, or make an error on your entry, tell your manager. They will email the correction to Human Resources. You are not permitted to punch in more than six (6) minutes before your scheduled starting time nor more than six (6) minutes after your scheduled quitting time without your manager's approval.

In the event of an error in recording your time, please report the matter to your manager immediately. The manager will contact Human Resources.

Wage Assignments (Garnishments)

We hope you will manage your financial affairs so that we will not be obligated to execute any court-ordered wage assignment or garnishment against your wages. However, whenever court-ordered deductions are to be taken from your paycheck, you will be notified.

According to the Federal Wage Garnishment Act, three (3) or more garnishments may be cause for dismissal.

Note: See "Deductions From Paycheck (Mandatory)" earlier in this section for further information.

Performance & Compensation Reviews

Performance Reviews

Your manager is continuously evaluating your job performance. Day-to-day interaction between you and your manager should give you a sense of how your manager perceives your performance.

However, to avoid haphazard or incomplete evaluations, Running Free, Inc. conducts a formal review once a year for each employee.

Performance reviews will be conducted annually, usually at the end of the active season. New employees may be reviewed more frequently. A review may also be conducted in the event of a promotion or change in duties and responsibilities.

During formal performance reviews, your manager will consider the following things, among others:

- Attendance, initiative and effort
- Knowledge of your work
- Attitude and willingness
- The quality of your work
- The conditions under which you work

The primary reason for performance reviews is to identify your strengths and weaknesses in order to reinforce your good habits and develop ways to improve in your weaker areas. This review also serves to make you aware of and to document how your job performance compares to the goals and description of your job. This is a good time to discuss your interests and future goals. Your manager is interested in helping you progress and grow in order to achieve personal as well as work-related goals—perhaps he or she can recommend further training or additional opportunities for you.

In addition to individual job performance reviews, Running Free, Inc. periodically conducts a review of job descriptions to insure that we are fully aware of any changes in the duties and responsibilities of each position, and that such changes are recognized and adequately compensated.

Compensation Reviews

Wage and salary increases are based on merit alone, not length-of-service or the cost-of-living. Having your compensation reviewed does not necessarily mean that you will be given an increase.

Running Free, Inc. conducts compensation reviews annually on or about each employee's new return season date, following their annual performance review. Any wage or salary increases will appear in the new pay period for the start of the new season.

Work Schedule for Hourly Employees

The normal workweek varies considerably, depending on other employee's schedules and the needs of our seasonal business. Your schedule of daily work hours will be given to you by your manager, or posted on Thursday mornings prior to the Saturday workweek start. We will make every effort to adhere to schedules, but last minute changes may be necessary. You will be notified promptly whenever a change is necessary. All requests for specific days or times off must be done in writing no later than Tuesday of the preceding week and presented to your manager. These are only requests until you have received written confirmation for your specific times or days off.

Once a week's schedule is posted and a change needs to be made for personal reasons such as an unforeseen doctor's appointment, it is your responsibility to find a qualified co-worker to cover your shift. Once you have found someone able to cover your shift, you must obtain approval from your manager.

If you are working on the boats, your manager will be the captain on the cruise that you are scheduled to work. You also must get approval from each captain that applies to the scheduling change. The manager or captain on duty will then notify payroll of the schedule change.

Absence or Lateness

From time to time, it may be necessary for you to be absent from work. Running Free, Inc. is aware that emergencies, illnesses, or pressing personal business that cannot be scheduled outside your work hours may arise. Sick days have been provided for this purpose for salaried employees. Flexible scheduling should handle other personal needs.

If you are unable to report to work, or if you will arrive late, please contact your manager immediately. Give him or her as much time as possible to arrange for someone else to cover your position until you arrive. Crewmembers present a difficult problem when a last minute absence is necessary. Since we are required by the Coast Guard to have a certain number of crewmembers on board a cruise, failure to notify us in time for a replacement is a serious offense and can cause the company to lose business and a good public image. If you know in advance that you will need to be absent, you are required to request this time off directly from your manager. He or she will determine when will be the most suitable time for you to be absent from your work.

When you call in to inform Running Free, Inc. of an unexpected absence or late arrival, please call your manager directly. For crew, please call the captain on duty. If unable to reach your manager, you may phone our business office at 410-263-8619. However, please note that this office is only open Monday-Friday 9am – 5pm. For late arrivals, please indicate when you

expect to arrive for work. If you are unable to call in yourself because of an illness, emergency or for some other reason, be sure to have someone call on your behalf.

Absence from work for more than two (2) consecutive days without proper **prior** notification to your manager or the personnel administrator will be considered a voluntary resignation.

Attendance

You are expected to be at your work station and ready to work at the beginning of your assigned daily work hours, and you are expected to remain at your work station until the end of your assigned work hours, except for approved breaks and lunch. When your work takes you away from your workstation, please let your manager know where you are going and how long you expect to be gone. All crewmembers must report for duty prior to a scheduled cruise departure. If an employee is scheduled to come to work after the first cruise departs, he/she must be at the dock before the boat arrives back. This is most important. We are required by the United States Coast Guard to be fully manned during operating hours.

Be aware that excessive time off could lead to disciplinary action.

Note: See "Excessive Absenteeism or Lateness" later on in this section for further information.

Closure After Starting Time

If inclement weather conditions exist and the President (or designated representative) decides to close Running Free, Inc. for the remainder of the day, you will be notified as soon as possible by your manager. If you are sent home before having worked one (1) hour, you will be paid for one (1) hour of work. If you are sent home after having worked one (1) hours, you will be paid for the time that you worked per normal.

If your manager asks that you remain at work after Running Free, Inc. has closed because of severe weather conditions, you will be paid for the remaining hours that you work beyond the announced closing time.

Excessive Absenteeism or Lateness

Any employee that causes a trip to be cancelled due to not being on the job at the designated time can expect immediate termination. There are a very few cases of extenuating circumstances; transportation problems, or over sleeping are not adequate excuses. In general, all absences may be considered excessive, and the reasons for the absences may come under question.

Be aware that absenteeism, lateness or leaving early may lead to disciplinary action, including possible dismissal, even with appropriate notification. The nature of our business does not allow last minute tardiness/absences.

Breaks/Lunch

All employees are responsible for providing their own meals. Meals can be eaten during the brief period between cruises as long as the required boat preparation is done. If there is time during the cruise, you may ask the captain to sneak away down below and eat quickly, however you must let all crew know where you are. You may eat an occasional bagged snack from the boat, but do not abuse this privilege. During charters no one can eat from a catered meal unless permission is offered from the host/hostess of the event and permission is given by the captain as well. When permission is given, eat after all guests have eaten, and eat down below. Lunch breaks are not guaranteed to be uninterrupted.

If you must take time away from your work schedule for more than 20 minutes, you must obtain permission from your manager, and you must clock out for the time that you are away.

Lunch Room Facility

For your convenience and comfort, Running Free, Inc. provides a lunchroom through the Marriott. In addition, there is usually some room onboard Woodwind to refrigerate a lunch brought from home. It is your responsibility to do your share in keeping this facility clean and sanitary. Please clean up after yourself.

Record of Absence or Lateness

If you are absent because of illness for more than two (2) successive days, your manager may request that you submit written documentation from your doctor. If you are absent five (5) or more days because of illness, you may be required to provide written documentation from a doctor that you are able to resume normal work duties before you will be allowed to return to work. You will be responsible for any charges made by your doctor for this documentation.

Your manager will make a note of any absence or lateness, and the reason, in your personnel file.

Government Required Coverage

Workers' Compensation

The Maryland Workers' Compensation Law is a no-fault insurance plan which is supervised by the state and one hundred percent (100%) paid for by Running Free, Inc. This law was designed to provide you with benefits for any injury, which you may suffer in connection with your employment. Under the provisions of the law, if you are injured while at work, you are eligible to apply for Workers' Compensation.

What Is Workers' Compensation?

Maryland's no-fault Workers' Compensation law was passed by the State legislature in the 1930's to guarantee prompt, automatic benefits to workers injured on the job.

Before Workers' Compensation, an injured worker had to sue his employer to recover medical costs and lost wages. Lawsuits took months and sometimes years. Juries and judges had to decide who was at fault and how much, if anything, would be paid. In most cases, the injured worker got nothing. It was a costly, time-consuming and unfair system.

Today, if you're unable to work because of a job injury, Running Free, Inc. and our Workers' Compensation Insurance carrier work together to take care of your medical expenses and pay you money to live on until you're able to come back to work—automatically, without delay or red tape.

Who Is Covered?

Every Running Free, Inc. employee is protected by Workers' Compensation other than crewmembers performing crew work on the *Woodwinds*. Crewmembers have different benefits based on the vessel's insurance. These benefits are legislated by Congress through "the Jones Act". See Jones Act heading.

What Is Covered?

Any injury is covered if it's caused by your job—not just serious accidents, but even first-aid type injuries. Illnesses may also be covered, if they're related to your job. For example, common colds and flu are not covered, but if you caught tuberculosis while working at a TB hospital, that's covered. The main question is if the injury or illness is the result of the performance of your job.

When Am I Covered?

Coverage begins the first minute you're on the job and continues anytime you're working for Running Free, Inc. You don't have to work a certain length of time, and there's no need to earn any minimum amount of wages before you're protected.

What Are the Benefits?

Maryland law guarantees you three kinds of workers' compensation benefits:

- **Medical care to take care of the injury, including not only doctor bills, but also medicines, hospital costs, fees for lab tests, x-rays, crutches and so forth --** There's no deductible and all costs are paid directly by our Workers' Compensation Insurance carrier. If you do receive a bill, be sure to submit it to Treasurer for payment through our insurance carrier.
- **Rehabilitation services necessary to return to work --** Sometimes this is just an extension of medical treatment (for example, physical therapy to strengthen muscles). However, if the injury keeps you from returning to your usual job, you may qualify for vocational rehabilitation and retraining, too. Again, all costs are paid directly by Running Free, Inc. through our Workers' Compensation Insurance carrier.
- **Cash payments for lost wages --** The most common kind of payments, for "temporary disability," will be made for as long as the doctor says you're unable to work. Additional cash payments may be made after you're able to work if there's a permanent handicap—for example, the amputation of a finger or loss of sight. If the injury results in death, payments will be paid to surviving dependents.

How Do I Get the Benefits?

All injuries, no matter how slight, must be reported immediately to your manager to assure consideration under Workers' Compensation Insurance, should complications develop later. Your manager will see that you receive medical attention.

There are no reports for you to fill out; no forms to sign. Just tell your manager what, where, when, and how it happened -- enough information so that he or she can arrange medical treatment and complete the necessary reports. In an emergency, you may go directly to one of the medical facilities nearby. Later, you may be required to furnish your manager with written statements regarding the on-the-job accident so that we may accurately document the incident, and so you may receive all the benefits to which you are entitled. (Failure to do this could result in loss of benefits.)

Prompt reporting is the key. Benefits are automatic, but nothing can happen until your employer knows about the injury. Insure your right to benefits by reporting every injury, no matter how slight. Even a cut finger can be disabling if an infection develops.

How Much Are the Cash Payments?

Payments consist of two-thirds of your average weekly wage, up to a maximum amount set by the State Legislature. State law regulates the amount of the payments, and when and how they'll be paid. Only the State Legislature can change the law.

Workers' Compensation payments are tax-free. There are no deductions for state or federal taxes or Social Security.

When Are the Cash Payments Made?

If you report the injury promptly, you should receive the first compensation check within 14 days. After that you'll receive a check every two weeks until the doctor says you're able to go back to work. For extremely serious injuries, the payments may continue for life.

Although Running Free, Inc. will pay for the time lost because of a work-related accident during the remainder of the normal workday in which the accident occurs, Workers' Compensation payments for lost wages aren't made for the first three days you're unable to work (including weekends). However, if you're hospitalized or off work more than 21 days, payments will be made even for the first three days.

What If There's a Problem?

Fortunately, most claims - better than 9 out of 10 - are handled routinely. After all, Workers' Compensation benefits are automatic and the amounts are set by the Legislature. But mistakes and misunderstandings do happen. If you think you haven't received all benefits due you, please contact your manager.

If you're not satisfied with your manager's explanation, get advice from the nearest office of the State Division of Industrial Accidents. If the problem still can't be resolved, it may be necessary to file an "Application for Adjudication" with the Workers' Compensation Appeals Board. That's the State agency which reviews cases where an injured worker believes he or she hasn't received what's coming to him or her.

The Appeals Board is a court of law. You can represent yourself, of course, but you may want to hire an attorney. If you do, the fee will be deducted from any benefits awarded you by the Appeals Board. If it's necessary to go to the Appeals Board to resolve your case, be sure to do so within one year from the date of the injury, or one year from the date of your last medical treatment. Waiting longer could mean losing your right to benefits.

Other Benefits

If the injury is very serious - one where you won't be able to work for a year or more - you may be eligible for additional benefits from Social Security. For information contact the nearest office of the Social Security Administration, or discuss your situation with the claims representative of Running Free, Inc.'s Workers' Compensation Insurance carrier.

Employees returning to work after being absent due to an injury must report to their manager prior to beginning work; and must bring a doctor's clearance for returning to duty.

The Jones Act (for crewmembers & captains)

Admiralty law is extremely complicated and the details of the Jones Act are impossible to reproduce here. However, if you are injured or get ill as a result of your job while sailing, you may be entitled to benefits through the vessel's insurance carrier. This insurance is not as automatic as Worker's Comp. In most cases, papers need to be filed and reimbursement can take longer to resolve.

Unemployment Compensation

Running Free, Inc. pays a percentage of its payroll to the Unemployment Compensation Fund according to Running Free, Inc.'s employment history. If you become unemployed, you may be eligible for unemployment compensation, under certain conditions, for a limited period of time. Unemployment compensation provides temporary income for workers who have lost their jobs. To be eligible you must have earned a certain amount and be willing and able to work. You should apply for benefits through your local State Unemployment Office as soon as possible.

Running Free, Inc. pays the entire cost of this insurance.

Social Security

The United States Government operates a system of contributory insurance known as Social Security. As a wage earner, you are required by law to contribute a set amount of your weekly wages to the trust fund from which benefits are paid. As your employer, Running Free, Inc. is required to deduct this amount from each paycheck you receive. In addition, Running Free, Inc. matches your contribution dollar for dollar, thereby paying one-half of the cost of your Social Security benefits.

Other Benefits

Education/Training (Attending Seminars/Training Sessions)

From time to time, Running Free, Inc. may arrange to have both formal and informal training programs to enable you to progress in your knowledge of our business. Several times a year, employees may be selected to attend workshops, or training programs. If this is mandatory, you will receive a normal paycheck while attending these schools or workshops. All or a portion of the expenses for off-premises training may be paid for by Running Free, Inc. depending on the nature of the course. Check with your manager for details.

Also, during any slow periods of work you should use the time to learn more about Running Free, Inc., its services and products. This will enhance your ability to help our customers and appreciate your job and the jobs of the people around you. You are encouraged to ask questions about any aspect of Running Free, Inc. that is of interest or unclear.

If you become aware of a particular seminar that you believe is appropriate for enhancing your skills (and/or those of other employees), please bring it to the attention of your manager. Since these seminars are usually offered only at specified times in a geographical area, please be sure to notify your manager as far in advance as possible. This way, he or she can attempt to schedule workloads to accommodate your (and/or other employees') desire to attend the seminar.

Employee Purchases

A 20% employee discount is offered on all Schooner Woodwind merchandise. Please see the section on Dress Code/Personal Appearance for information on Uniform purchases.

Someone other than yourself must process transactions, and you must have an invoice or sales receipt for all packages before leaving the premises. The purchase may be paid for by cash or credit card.

Crew Alcohol Policy

Having a beverage after the last cruise and upon completion of cleanup (and you are clocked out for the day) is a privilege. Permission must be obtained by the captain on duty and is only available while the captain is present. We limit the crew to one alcoholic beverage per employee and they must be of legal drinking age. The cost of the alcoholic beverage is the ship's cost, and should be deposited in the correct area to be accounted for.

Visitors

On occasion, we recognize that you may have an out of town guest visiting you. You must ask permission to have an occasional guest sail onboard with us for free. This should not be a frequent request and the request must be from the employee directly. Please do not have your guest or other representative contact us with the request. If the boat is close to "sold out", then we will deny the request. The main reason for this requirement is that it becomes difficult for the employee to carry out our mission by paying close attention to our paying guests. Under no circumstances may an employee guest or a non-working employee sail with us during a private charter.

Employees who are not "on the clock" are guests. No employee can act as crew if they do not meet the requirements and regulations regarding alcohol or drug consumption. In addition, no off-duty employee or their guests may go into areas on the boat that are prohibited to passengers.

When an employee is off duty and they choose to go aboard a sail as a passenger and consume alcohol, the following rules are to be followed:

- The employee may not work as a crewmember or perform any duties that a crewmember would do. This would be in violation of our manning requirements through the USCG.
- The employee and their guests may not go into areas of the boat that are prohibited for passengers.
- Each employee may buy alcohol at our cost for their drinks.
- Employee's friends and family are allowed two drinks at our cost, provided the employee is present. Beverages purchased without the employee present, or more than two beverages would be at the full amount. Please ask for crew pricing vouchers when you check in at the dock office for a ticket.

Other Policies

Email

Email is our "official" way of keeping everyone informed about new policies, changes in procedures and special events. Information of general interest, scheduling and important notices will be sent regularly by email. Please form the habit of reading your email(s) regularly so that you will be familiar with the information that we are sharing.

Communications

Successful working conditions and relationships depend upon successful communication. Not only do you need to stay aware of changes in procedures, policies and general information, you also need to communicate your ideas, suggestions, personal goals or problems as they affect your work.

In addition to the exchanges of information and expressions of ideas and attitudes which occur daily, make certain you are aware of and utilize all Running Free, Inc. methods of communication, including this Employee Manual, bulletin boards, discussions with your manager, memoranda, staff meetings, newsletters, training sessions, etc.

You will receive other information booklets, such as your insurance booklets, from time to time. You may take these booklets home so that your family may know more about your job and your benefits.

In addition, you may receive emails from Running Free, Inc. There is no regular schedule for distribution of this information. The function of each email is to provide you and your family with interesting news and helpful information which will keep you up-to-date on the events here at Running Free, Inc.

Company Meetings

On occasion, we may request that you attend a company-sponsored meeting. If you are scheduled to attend, your attendance is mandatory.

Contributions

Running Free, Inc. makes donations to worthwhile charities in its own name.

Please refer all such requests to management (Jennifer Kaye (captainjennifer@schoonerwoodwind.com)) for assessment.

Conversion Privileges

At your exit interview or upon dismissal, you will learn how you can continue your insurance coverage and any other benefits you currently enjoy as an employee who is eligible for continuation. Such continuation of benefits will be at your own cost.

Department Meetings

From time to time, your manager will schedule department meetings before, during, or after work. It's to your advantage to be at these meetings. They give you and your fellow workers a chance to receive information on Running Free, Inc. events, to review problems and possible solutions, and to make suggestions about your department or your job.

If your attendance at Department Meetings is mandatory, you will be informed in writing. Failure to attend may involve a penalty.

Note: See "Company Meetings" earlier in this section for further information.

Discounting

Employees giving discounts to friends are one of the most common abuses any company can face -- we understand that it can be tempting to give friends a "good deal."

This is our company's policy concerning employee discounting:

The discount privilege is offered for the use of employees and the members of their immediate family. Under no circumstances should company products be removed from the premises unless accompanied by a receipt from Running Free, Inc. Employees are permitted to buy company products at a discount for personal use or to give as gifts, but it is an abuse of the discount privilege to buy items from Running Free, Inc. on behalf of people outside your immediate family. Running Free, Inc. considers such behavior a form of theft and violators will be treated accordingly.

When faced with the temptation to give discounts to friends, please decide against it. If you're being pressured, explain that you could lose your job over it (you could!).

If you become aware of a fellow employee about to give a friend (or customer) an unauthorized discount, drop a hint -- tell him or her something like "I don't think that's a good idea," or "Remember, that discount's just for employee use." If you know of others who have discounted or given away items in the past, please discuss the matter with your manager at your convenience.

We must continually work together to remove the threats posed by unauthorized discounting. This is a Running Free, Inc. priority.

Dress Code/Personal Appearance-You are a Spokesperson for Our Company!

Crew & Customer Service

We require each Crewmember, Captain, and Customer Service Representative to purchase at least two Woodwind shirts (one polo, one t-shirt) at our cost. All shirts (polo or crew) will be made available to the employee at our cost. All Captains, crewmembers, dock staff, and customer service must wear khaki shorts or slacks. These are purchased at the employee's expense. We may be able to assist in locating these items for your convenience. Woodwind jackets in hunter green are voluntary. We encourage you to purchase one and we will pay to have it embroidered with "Schooner Woodwind Crew" and your name. In cooler weather, any long-sleeve shirts or sweatshirts must also be "Woodwind" shirts. Crewmembers or Customer Service who wish to wear a hat must wear a "Woodwind" hat. Woodwind merchandise that will be worn as part of an employee's uniform will be made available at our cost/ Payment is required at time of purchase in the form of cash or credit card. In cold or rainy weather, employees may and are encouraged to wear a jacket or foul weather gear of their own over their uniform.

Dock Staff

A Dock Staff shirt is required to be purchased by all dockstaff or crewmembers working the dock shift, and worn when working the dock shift. One Dock Master hat will be given to each dockstaff. This hat is considered part of the uniform and must be worn during the dock shift. Khaki shorts or slacks are also considered part of the dock staff uniform. Long sleeved shirts or sweatshirts of your own may be worn on the dock, provided they are worn **under** the Dock Staff shirt.

Shoes

Appropriate footwear is defined as shoes that have a non-marking rubber sole with a good grip for working outside, and support for the entire foot. All footwear must have an ankle strap to keep the foot in the shoe and all laces must be tied tightly.

Appearance

All employees must arrive at work clean-shaven, unless already sporting a trimmed beard or mustache. If you wear your hair long, it must appear neat and trimmed. Because our business is dependent upon the impression you make with our guests, we will expect you to be neat, clean and well groomed at all times. We reserve the right to judge your appearance as to its appropriateness to your job. You must report to work with your uniform as described above.

Your uniform must be clean. White shirts get dirty easily and keeping them clean is essential. Purchasing extra shirts may help alleviate your laundry problem. If you do not show up with a clean shirt, you will be required to purchase a new shirt. Your shorts/slacks must be free of rips, tears. Blue jeans are not permissible.

After Hours

While in uniform, please realize that how you act in public reflects upon our business image. Do not exhibit excessive behavior when wearing your uniform before or after employment hours. What you say and do when wearing the uniform is important to us and to you. Employees are not allowed to board *Woodwind* after hours when there is no manager or captain present without specific prior approval.

Watergate Marina Policy

We normally dock one of the Woodwinds at Watergate Marina in Eastport. Please respect that this is a residential community.

Exit Interviews

In instances where an employee voluntarily leaves our employ, Running Free, Inc. management would like to discuss your reasons for leaving and any other impressions that you may have about Running Free, Inc. If you decide to leave, you will be asked to grant us the privilege of an exit interview. During the exit interview, you can express yourself freely. It is hoped that this exit interview will help us part friends, as well as provide insights into possible improvements we can make. All information will be kept strictly confidential and will in no way affect any reference information that Running Free, Inc. management will provide another employer about you.

Expense Reimbursement

You must have your manager's authorization prior to incurring an expense on behalf of Running Free, Inc. To be reimbursed for all authorized expenses, you must submit an expense report (available from the Dock Office or Lincoln Drive Office) along with the appropriate receipt and have it approved by your manager. Please submit your expense report and receipts each week, as you incur authorized reimbursable expenses. Normally, you will be reimbursed on your next paycheck after submitting the authorized expense report. You must not take the reimbursement from "petty cash" or the cash drawer under any circumstances.

Accidents/ Injuries

Federal law ("OSHA") requires that we keep records of all illnesses and accidents which occur during the workday. The Maryland state Workers' Compensation Act also requires that you report any illness or injury on the job, no matter how slight. If you hurt yourself or become ill, please contact your manager for assistance. If you fail to report an injury, you may jeopardize your right to collect workers' compensation payments as well as health benefits. OSHA also provides for your right to know about any health hazards that might be present on the job. Should you have any questions or concerns, contact your manager for more information. All accidents or injuries to workers or guests, no matter how minor, must be logged. The proper forms are available at the dock office or onboard *Woodwind*.

Gifts

Advance approval from management is required before an employee may accept or solicit a gift of any kind from a customer, supplier or vendor representative. Employees are not permitted to give gifts to customers or suppliers.

Grievances

Our goal is to maintain a comfortable working environment for everybody. We do this in several ways:

- By treating each of you as an individual and encouraging your maximum development;
- By recognizing that each of you is essential to the success and growth of Running Free, Inc.; and
- By maintaining direct communications with all of our employees and ensuring that each and every one of you can speak directly and openly with our management team.

We believe that this type of communication, without interference from any outside party, is best for all concerned. Therefore, when you wish to express your problems, opinions, or suggestions, you will always find an open door and an attentive ear.

As time goes by and Running Free, Inc. grows, we will continue to listen and respond to your questions and comments.

Resolving Problems

Whenever you have a problem or complaint, we expect you to speak up and communicate directly with us. You can take the following steps:

- First, talk to your immediate manager. Your manager is most familiar with you and your job and is, therefore, in the best position to assist you. Your manager works closely with you, and is interested in seeing that you are treated fairly and properly.
- If your manager cannot help you resolve the matter, you can speak to the President who will give your complaint or problem prompt consideration.

Remember -- it is always best to resolve problems right away. Little problems tend to turn into big problems; facts become confused; resentment and anger builds up. It is always best to get things off your chest before they get out of hand.

Layoff

Every employee realizes that his or her employment is "at will". There are no guaranteed hours of employment unless you are not an hourly worker and placed on salary. Each employee must sign a form letter stating this. "At will" means that the employee is free to leave employment and the employer can terminate employment without cause. Our full season is from mid April through Mid November and our busy season is from approximately May 20 through October Boat Show.

Managers

Your immediate manager is the person on the management team who is closest to you and your work. Your day-to-day contact with your manager gives you a chance to receive guidance and counsel regarding your assignments and the progress you make on your job. Your manager can show you how your work fits into the overall picture, teach you how to do things, explain the "hows" and "whys," and encourage you when things look a little tough.

Your manager is in complete charge of the department. He or she is responsible for the efficient operation of the department. Your manager has the authority to hire and dismiss, to assign work, recommend pay increases, transfers or promotions, and to maintain order and discipline. This may be accomplished by the manager personally or through his or her assistant.

Remember, your manager knows most of the answers, and, if not, knows where to get them. Your manager probably started in a job much like yours and can guide and help you. Your manager wants you to succeed. Please get to know your manager, and when you need help or have questions, complaints, problems or suggestions, contact your manager first. He or she is interested in your success, the success of every member of your department, and the overall success of Running Free, Inc.

Your manager is human, has many responsibilities, and needs your cooperation, assistance, and loyalty. He or she wants to help you - that's their job - so please ask, and please be willing to meet your manager half way. If he or she cannot help you or answer your question, your question will be referred to someone who can. You can expect to be treated fairly and with respect. Running Free, Inc., your manager has a direct interest in you. He or she wants you to consider him or her as your advisor, friend and mentor. Go to your manager for information about your job, your pay, or other matters of company policy.

Please don't overburden your manager with questions that can be answered by reading this manual or by checking bulletin boards. Do feel free to ask for clarification of regulations or responsibilities. Any problem that hinders the efficient completion of your responsibilities should be taken up with your manager.

Outside Activities

No employee may take an outside job, either for pay or as a donation of his or her personal time, with a customer or competitor of Running Free, Inc.; nor may they do work on their own if it competes in any way with the sales of products or services we provide our customers. If your financial situation requires you to hold a second job, part-time or full-time, or if you intend to engage in a business enterprise of your own, we would like to know about it. Before accepting any outside employment it would be a good idea to discuss the matter with your manager.

Parking

Parking in downtown Annapolis is a problem. Our company is not responsible for parking tickets and problems, which may arise from limited parking facilities.

Only specific parking lots are available to employees at Watergate Marina. Street parking within the community is also available. Again, please respect the fact that this is a residential community.

Personal Phone Calls on Our Phone Lines

Our telephone bills are astronomical. Personal use of company phones is permitted only with manager's approval. No long distance calls are permitted for any personal reasons except in case of emergency.

Use of Personal Cell Phones

The use of cell phones while you are working is not allowed unless you have your manager's permission.

Crew

Crew working aboard the Woodwinds must be attentive and comply with all USCG regulations including but not limited to proper lookout and watch keeping. All cell phones must be turned off or kept on silent and stored down below. Checking your phone for texts, messages or any other alerts is not permissible while under way. If you must use your cell phone when the boat is safely tied up, you may use your phone down below.

Captain

Captains are allowed to use their cell phones for urgent company business. Only accept business calls while underway.

Dock

All cell phones for Dock Staff and Customer Service must remain in the dock office at all time on silent or off. You may use your cell phone in the dock office for a quick personal call with your manager's permission. After the dock office has closed for the evening, Dock Staff must monitor the Dock's cell phone for calls. Dock Staff are responsible for this phone when they are working. Do not use the business' cell phone for personal use. Under no circumstances are customers to call dock staff directly on your personal cell phone.

Emergency Phone Calls

Since you may not be readily available to receive phone calls to your cell phone, you may give family and friends the phone number of the dock office – 410-263-8994 – in case of emergency. The Customer Service staff will then forward a call on to you or your captain.

Promotion Policy

It is our policy to advise all employees about advancement opportunities by means of bulletin boards or other suitable methods. Please submit your request for consideration for a specific position directly to your manager.

Whenever a position becomes available, every effort will be made to fill it by promoting a qualified employee. Jobs will be awarded based on individual ability and past job performance, as well as length of service if two people have similar qualifications. By utilizing all opportunities for education and performing your job excellently, you may become qualified to fill a position of greater skill, responsibility and value at Running Free, Inc. Running Free, Inc. will always continue to look outside the company for potential employees as well.

Property & Equipment Care

It is your responsibility to understand the equipment you need to use to perform your duties. Good care of equipment that you use during the course of your employment, as well as the conservative use of supplies, will benefit you and Running Free, Inc.

Recycling, Waste Prevention & Conservation

Running Free, Inc. actively recycles as many materials as possible, where possible:

Acceptable (Please place these in the proper recycling bins at Watergate Marina and the Marriott.)

Aluminum cans

Plastic and glass

Cardboard

References

Running Free, Inc. does not respond to oral requests for references. All requests must be in writing and on company letterhead. In the event you leave the employ of Running Free, Inc. we may be able to provide references to potential employers, depending upon the circumstances, your employment history, etc. However, you must first sign a “reference release” waiver, allowing us to release reference information beyond merely confirming that you worked at Running Free, Inc. for a specific period of time and your position.

As an employee, do not under any circumstances respond to any requests for information regarding another employee unless it is part of your assigned job responsibilities. If it is not, and you receive a request for a reference, you should forward the request to the personnel department for a response.

Resignation

While we hope both you and Running Free, Inc. will mutually benefit from your continued employment, we realize that it may become necessary for you to leave your job with Running Free, Inc. If you anticipate having to resign your position with Running Free, Inc., you are expected to notify your manager at least three (3) weeks in advance of the date that you must leave.

Restricted Areas

Note: See "Smoking" later on in this section for further information.

Retirement Plan

Simple IRA Plan

Running Free, Inc. understands your need and desire to save for your future. A Simple Individual Retirement Account is available through Private Wealth Partners, LLC to qualified employees.

To be eligible, you must earn at least \$5,000 during any two preceding calendar years and can reasonably expect to earn at least \$5,000 in the current year. Eligibility is determined annually on January 1st.

If you elect to contribute to the Simple IRA Plan, an account needs to be established prior to making any contributions. Please contact Human Resources for further details, including contact information to establish a Simple IRA.

Once you have enrolled in the Simple IRA Plan, you may contribute pre-tax dollars to the account up to a maximum of \$12,000 (for 2014). Running Free, Inc. will match deferrals dollar-for-dollar up to 2% of the employee's compensation for all eligible employees.

Catch-up contributions up to \$2,500 (for 2014) above the cap may be made by participants age 50 or older.

Running Free, Inc. will make the employer contribution no later than May 1 based on the employee's earnings from the previous calendar year.

Return of Company Property

Any Running Free, Inc. property issued to you, such as tools, employee handbook, office or company vehicle keys as well as your key fobs, must be returned to Running Free, Inc. at the time of your dismissal or resignation, or whenever your manager or a member of management requests it.

Safety Rules

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all Running Free, Inc. activities. We want to protect you against injury and illness, as well as minimize the potential loss of production.

Please report all injuries (no matter how slight) to your manager immediately, as well as anything that needs repair or is a safety hazard. Below are some general safety rules. Your manager or department head may post other safety procedures in your department or work area:

- Wear shoes at all times.
- Use flammable items, such as paint thinners, with caution.
- Walk -- don't run.
- Report to your manager if you or a co-worker becomes ill or is injured.
- Ask for assistance when lifting heavy objects.
- Smoke only in designated smoking areas.
- Wear or use appropriate safety equipment as required in your work.
- Avoid "horseplay" or practical jokes.
- Wear appropriate personal protective equipment, like shoes, hats, gloves, goggles, spats, hearing protectors, etc., in designated areas or when working on an operation which requires their use.

- Keep your work area clean and orderly.
- Watch out for the safety of fellow employees, customers and guests.
- Keep dock area free of loose trash, equipment, hoses, and lines.
- Use the right tool for the job, and use it correctly.
- Wear gloves when cleaning toilets, separating trash, painting and fiber glassing.

Remember, failure to adhere to these rules will be considered serious infractions of safety rules and will result in disciplinary actions.

Security

Maintaining the security of Running Free, Inc. buildings and vehicles is every employee's responsibility. Develop habits that insure security as a matter of course. For example:

- Always keep cash properly secured. If you are aware that cash is insecurely stored, immediately inform the person responsible.
- Know the location of all alarms and fire extinguishers, and familiarize yourself with the proper procedure for using them, should the need arise.
- When you leave Running Free, Inc.'s premises make sure that all entrances are properly locked and secured.

Smoking

Smoking is not allowed onboard during a scheduled cruise. Your smoking habits cannot interfere with the clean-up duties before, after, or between cruise times. Please don't smoke in areas where you are directly serving customers and where it may be offensive to your co-workers. All smoke breaks must have prior approval from your manager or the captain on duty.

Substance Abuse

The Coast Guard requires the *Woodwinds* to be a drug free vessels. All crewmembers must be enrolled in a CG approved drug-testing program. We are members of the Maritime Consortium for this purpose and expect all employees to be enrolled in this program unless he/she was enrolled already in a satisfactory alternative program. The program requires a pre-employment drug test and participation in a random testing program. The costs of the program are as follows:

Any temporary employee who works at least 24 hours per week (based on a monthly average) will have all drug testing costs covered by Running Free, Inc. The cost for each crewmember is \$120. Under this prepaid program all random tests that are required are fully covered.

Dock staff may also be required for the CG drug-testing program, especially if they are performing crew work as well.

The possession, sale or use of mood altering substances at the workplace, or coming to work under the influence of such substances shall be a violation of safe work practices and will be subject to disciplinary action, including dismissal. Employees will not be permitted to work while under the influence of drugs or alcohol.

Suggestions

We encourage all employees to bring forward their suggestions and good ideas about how our company can be made a better place to work, our products improved, and our service to customers enhanced. When you see an opportunity for improvement, please talk it over with your immediate manager. He or she can help you bring your idea to the attention of the people in the company who will be responsible for possibly implementing it.

All suggestions are valued and listened to. When a suggestion from an employee has particular merit, we provide for special recognition of the individual(s) who had the idea.

Uniforms

We require uniforms that certain employees must wear while at work. Please see Dress Code section of this Manual.

Violations of Policies

You are expected to abide by the policies in this Manual. Failure to do so will lead to appropriate disciplinary action. A written record of all policy violations is maintained in each individual's personnel file.

A partial list of causes for possible disciplinary action ("Unacceptable Activities") is presented under "Standards of Conduct" in the "Employment" section of this Manual. This list is not to be considered all-inclusive.

Information Technology Policies

Running Free, Inc. has invested considerable resources into its information technology resources to make the jobs of our employees more productive and easier to communicate with one another and our clients. To protect Running Free, Inc.'s investments in this area, the following is a policy explanation detailing our position on computer use, electronic and telephonic communications.

By becoming or remaining employed by Running Free, Inc., employees are deemed to have consented to this Policy on Computer Use, Electronic, Social Media, and Telephonic Communications.

Computer Use, Electronic and Telephonic Communications

All computers, electronic and telephonic communications systems, business equipment, and communications and information created on, transmitted by, received from, or stored in these systems are property of Running Free, Inc.. Inasmuch as all such equipment and systems are company property, employees and contractors have no reasonable expectation of privacy with respect to the creation, transmission, receipt or storage of any data or information when using such equipment or systems.

Running Free, Inc.'s computers, electronic e-mail system, telephone communications systems, and any related software or hardware equipment may not be used in a way that may be disruptive, offensive to others, or harmful to morale. There is to be no display or transmission of sexually explicit comments, images, messages, or cartoons or any transmission or use of e-mail or telephonic communications that contain ethnic slurs, racial epithets or anything involving the harassment or disparagement of others.

Computers are restricted to business use only. Computer based games such as Solitaire, Minesweeper, and all other mental exercises, whether the programs are resident on the computer or internet-based, are not permitted. Employees are expressly prohibited from loading any personal software or links onto their work computers and are expressly prohibited from downloading any personal software or downloading software from links from the internet without advance permission from his/her direct supervisor. Occasional use of emails or texting or permitted and this personal use should be minimal and done during slow periods.

Management has the right to view all incoming or outgoing emails and employees shall have no expectation of a right to privacy.

Internet Usage Policy

Running Free, Inc. provides you with access to the vast information resources of the Internet to help you do your job faster and smarter, and to help you to be a well-informed business citizen.

The facilities to provide that access represent a considerable investment of Running Free, Inc.'s resources for telecommunications, networking, software, storage, etc. This Internet usage policy is designed to help you understand Running Free, Inc.'s expectations for use of those resources and to help you use those resources wisely.

First and foremost, the Internet is a business tool for Running Free, Inc., and it is provided to you at significant cost. That means we expect you to use your Internet access for business-related purposes, i.e., to communicate with Running Free, Inc.'s clients and suppliers, and to research topics and obtain information that is relevant and useful to company business. We insist that you conduct yourself honestly and appropriately on the Internet, and that you respect the copyrights, software licensing rules, property rights, privacy and prerogatives of others, just as you would in any other business setting.

All existing company policies apply to your conduct on the Internet, especially (but not exclusively) those that deal with intellectual property protection, privacy, misuse of company resources, discrimination and harassment, including sexual harassment, information and data security, and confidentiality.

Unnecessary or unauthorized Internet usage causes network and server congestion. It slows other users, takes away from work time, consumes supplies, and ties up printers and other shared resources. Unlawful Internet usage may also garner negative publicity for Running Free, Inc. and expose Running Free, Inc. to significant legal liabilities.

While our direct connection to the Internet offers a wealth of potential benefits, it can also open the door to some significant risks to our data and systems if we do not follow appropriate security discipline. As presented in greater detail below, (although these examples are not all inclusive) that may mean preventing machines with sensitive data applications from connecting to the Internet entirely, or it may mean that certain users must be prevented from using certain Internet features like file transfers. The overriding principle is that security is to be everyone's first concern while using the Internet. An Internet user can be held accountable for any breaches of security or confidentiality, and subject to discipline, up to and including termination.

Certain terms in this policy should be understood expansively to include related concepts. This policy covers any kind of file that can be read on a computer screen as if it were a printed page, including the so-called HTTP files read in an Internet browser, any file meant to be accessed by a word processing or desktop publishing program or its viewer, or the files prepared for the Adobe Acrobat reader and other electronic publishing tools. Graphics includes graphs, pictures, animations, movies, or drawings. Display includes monitors, flat-panel active or passive matrix displays, monochrome LCD's, projectors, televisions and virtual-reality tools.

Running Free, Inc. has software and systems in place that monitor and record all Internet usage.

Employees are advised that Running Free, Inc.'s security systems are capable of recording (for each and every user) each World Wide Web site visited, each chat, newsgroup or email message, and each file transfer into and out of Running Free, Inc.'s internal networks, and Running Free, Inc. reserves the right to do so at any time. No employee should have any expectation of privacy as to his or her Internet usage. Company officers will review Internet activity and analyze usage patterns, and they may choose to publicize this data to assure that Running Free, Inc.'s Internet resources are devoted to maintaining the highest levels of productivity.

Running Free, Inc. reserves the right to inspect any and all files stored in private areas of its network as well as the individual's computer in order to assure compliance with its Internet Security Policy, E-Mail Usage Policy, and/or Internet Security Policy.

The display of any kind of sexually explicit image or document on any Company system is a violation of Running Free, Inc.'s policy on sexual harassment. In addition, sexually explicit material may not be archived, stored, distributed, edited or recorded using Running Free, Inc.'s network or computing resources.

Running Free, Inc. may use independently-supplied software and data to identify inappropriate or sexually explicit Internet sites. Running Free, Inc. may block access from within its networks to all such sites known. If you find yourself connected incidentally to a site that contains sexually explicit or offensive material, you must disconnect from that site immediately, regardless of whether that site had been previously deemed acceptable by any screening or rating program.

Running Free, Inc.'s Internet facilities and computing resources must not be used knowingly to violate the laws and regulations of the United States or any other nation, or the laws and regulations of any state, city, province or other local jurisdiction in any material way. Use of any Company resources for illegal activity is grounds for immediate termination, and Running Free, Inc. will cooperate with any legitimate law enforcement activity in this regard.

Any software or files downloaded via the Internet into Running Free, Inc.'s network become the property of Running Free, Inc.. Any such files or software may be used only in ways that are consistent with their licenses or copyrights.

No employee may use Company equipment, software or facilities knowingly to download or distribute pirated software or data.

No employee may use Running Free, Inc.'s Internet facilities to deliberately propagate any virus, worm, Trojan horse, or trap-door program code.

No employee may use Running Free, Inc.'s Internet facilities knowingly to disable or overload any computer system or network, or to circumvent any system intended to protect the privacy or security of another user.

Only those employees or officials who are duly authorized to speak to the media, to analysts or in public gatherings on behalf of Running Free, Inc. may speak/write in the name of Running Free, Inc. to any newsgroup or chat room.

Use of Running Free, Inc.'s Internet access facilities to commit infractions, such as misuse of Running Free, Inc.'s assets or resources, sexual harassment, unauthorized public speaking and misappropriation or theft of intellectual property, are also prohibited by general company policy. Employees committing any such infractions will be subject to disciplinary action, up to and including termination.

Since a wide variety of materials may be deemed offensive by colleagues, clients or suppliers, it is a violation of Company policy to store, view, print or redistribute, any document or graphic file that is not directly related to the user's job or Company's business activities.

Running Free, Inc. will comply with reasonable requests from law enforcement and regulatory agencies' for logs, diaries and archives on an employee's Internet activities.

Company employees with internet access must obtain prior authorization to download any software, and may download only software with direct business uses, and must arrange to have such software properly licensed and registered. Downloaded software must be used only under the terms of its license.

Employees with Internet access may not use company internet facilities to download entertainment or personal software or games, or to play games (either alone or against opponents) over the Internet.

Employees with Internet access may not use Company Internet facilities to download images or videos unless there is an explicit business-related use for the material.

Employees with Internet access may not upload any software licensed to Company or data owned or licensed by Running Free, Inc. without explicit authorization from the CEO of Running Free, Inc., LLC

User IDs and passwords help maintain individual accountability for Internet resource usage. Any employee who obtains a password or ID for an Internet resource must keep that password confidential. Running Free, Inc.'s policy prohibits the sharing of user IDs or passwords obtained for access to Internet sites, or to obtain access to Running Free, Inc.'s computer system via the Terminal Server.

Any file that is downloaded must be scanned for viruses before it is run or accessed.

Email Usage Policy

This policy describes Company guidelines regarding access to and disclosure of electronic mail, or "e-mail," messages sent or received by Company employees using Running Free, Inc. e-mail system and/or computers. This also includes the accessing of private email accounts on Running Free, Inc.'s or client computers and network equipment. Running Free, Inc. respects the individual privacy of its employees. However, employee privacy does not extend to the employee's work-related conduct or to the use of Running Free, Inc.-provided equipment, supplies or facilities. Employees should be aware that the following guidelines may affect their privacy in the workplace.

Management's Right to Access Information Via Email

The e-mail system has been installed by Running Free, Inc. (or client) to facilitate business communications. Although each employee has an individual password to access this system, the system belongs to Running Free, Inc. and the contents of e-mail communications are accessible at all times by Company management for any business purpose. This system may be subject to periodic unannounced inspections, and should be treated like other shared filing systems. All e-mail messages are Company records. The contents of your e-mail account (including both sent and received e-mail messages) may be disclosed within Running Free, Inc. with or without your permission. Therefore, you should not assume that e-mail messages you send or receive are confidential. Back-up copies of e-mail may be maintained and referenced by Running Free, Inc. for business and legal reasons.

Personal Use of E-Mail

Because Running Free, Inc. provides the electronic mail system to assist you in the performance of your job, you should use it for official Company and government business. Running Free, Inc. reserves the right to access and disclose as necessary all messages sent over its e-mail system, without regard to content. Since your personal messages can be accessed by Company management without prior notice, you should not use e-mail to transmit any messages you would not want to be read by a third party. For example, you should not use Company e-mail for gossip, including personal information about yourself or others, for forwarding messages under circumstances likely to embarrass the sender, or for emotional responses to business

correspondence or work situations. In any event, you should not use the e-mail system for such purposes as soliciting or proselytizing for commercial ventures, religious or personal causes or outside organizations or other similar, non-job-related solicitations. If Running Free, Inc. discovers that you are misusing the e-mail system, you will be subject to disciplinary action, up to and including termination of employment.

Likewise, if you are using Running Free, Inc.'s equipment to access personal email accounts such as Hotmail, Yahoo, etc., the information stored, data transmitted and/or received is subject to the same access rights by management as described above for computer use and e-mail use and also may be disclosed within Running Free, Inc. or used for evidence as needed for legal and/or disciplinary actions.

Forbidden Content of E-Mail Communications

You may not use Running Free, Inc.'s e-mail system or computers in any way that may be seen as insulting, disruptive, or offensive by other persons, or harmful to morale. Examples of forbidden transmissions include sexually-explicit messages, cartoons, or jokes; unwelcome propositions or love letters; ethnic or racial slurs; or any other message that can be construed to be harassment or disparagement of others based on their sex, race, sexual orientation, age, disability or handicap, national origin, religious or political beliefs, or any other protected classification. Use of Running Free, Inc.'s e-mail system in violation of this guideline and will result in disciplinary action, up to and including termination of employment.

Password and Encryption Key Security and Integrity

Employees are prohibited from the unauthorized use of the passwords and encryption keys of other employees to gain access to another employee's e-mail messages.

Social Media Policy

At Running Free, Inc., we understand that social media can be a fun and rewarding way to share your life and opinions with family, friends and co-workers around the world. However, use of social media also presents certain risks and carries with it certain responsibilities. To assist you in making responsible decisions about your use of social media, we have established these guidelines for appropriate use of social media.

This policy applies to all staff members/employees who work for Running Free, Inc. or affiliates (collectively "Company").

Guidelines

In the rapidly expanding world of electronic communication, *social media* can mean many things.

Social media includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else's web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or a chat room, whether or not associated or affiliated with Running Free, Inc., as well as any other form of electronic communication.

The same principles and guidelines found in Running Free, Inc. policies and three basic beliefs apply to your activities online. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of fellow associates or otherwise adversely affects members, clients, suppliers, people who work on behalf of Running Free, Inc. or Running Free, Inc.'s legitimate organizational interests may result in disciplinary action up to and including termination.

Know and Follow the Rules

Carefully read these guidelines, the Running Free, Inc. Statement of Ethics Policy, Running Free, Inc.'s Information Technology, Policy and the Discrimination & Harassment Prevention Policy, and ensure your postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may subject you to disciplinary action up to and including termination.

Be Respectful

Always be fair and courteous to fellow associates, clients, members, suppliers or people who work on behalf of Running Free, Inc.. Also, keep in mind that you are more likely to resolved work-related complaints by speaking directly with your co-workers or by utilizing our Open Door Policy than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparage congregational members, guests, colleagues, vendors, or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or Running Free, Inc. policy.

Be Honest and Accurate

Make sure you are always honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about Running Free, Inc., fellow associates, members, clients, suppliers, people working on behalf of Running Free, Inc. or competitors.

Post Only Appropriate and Respectful Content

- **Maintain the confidentiality of Running Free, Inc. trade secrets and private or confidential information.** Trade secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not post internal reports, policies, procedures or other internal business-related confidential communications.
- **Respect financial disclosure laws.** It is illegal to communicate or give a “tip” on inside information to others so that they may buy or sell stocks or securities. Such online conduct may also violate the Insider Trading Policy.
- **Do not create a link** from your blog, website or other social networking site to an Running Free, Inc. website without identifying yourself as a Running Free, Inc. employee.
- **Express only your personal opinions.** Never represent yourself as a spokesperson for Running Free, Inc.. If Running Free, Inc. is a subject of the content you are creating, be clear and open about the fact that you are an associate and make it clear that your views do not represent those of Running Free, Inc., fellow associates, members, clients, suppliers or people working on behalf of Running Free, Inc.. If you do publish a blog or post online related to the work you do or subjects associated with Running Free, Inc., make it clear that you are not speaking on behalf of the Company. It is best to include a disclaimer such as “The postings on this site are my own and do not necessarily reflect the views of Running Free, Inc..”

Using Social Media at Work

Refrain from using social media while on work time or on equipment Running Free, Inc. provides, unless it is work-related as authorized by your departmental supervisor or consistent with the Company’s Information Technology Policy. Do not use Running Free, Inc. email addresses to register on social networks, blogs or other online tools utilized for personal use.

Retaliation Is Prohibited

Running Free, Inc. prohibits taking negative action against any employee for reporting a possible deviation from this policy or for cooperating in an investigation. Any employee who retaliates against another colleague/employee for reporting a possible deviation from this policy or for cooperating in an investigation will be subject to disciplinary action, up to and including termination.

Violations of This Information Technology & Social Media Policy

Employees who violate Running Free, Inc. Internet and Email policies and/or federal, state or local laws are subject to progressive discipline up to and including immediate termination of employment by Running Free, Inc. and prosecuted to the fullest extent of the law.

Employee Agreement On Information Technology Policies

I have read, understand, and agree to comply with the foregoing policies, rules, and conditions governing the use of the Company's computer and telecommunications equipment and services. I understand that I have no expectation of privacy when I use any of the telecommunication equipment or services. I am aware that violations of this guideline on appropriate use of the e-mail and Internet systems may subject me to disciplinary action, including termination from employment, legal action and criminal liability. I further understand that my use of the e-mail and Internet may reflect on the image of *Running Free, Inc.* to our customers, competitors and suppliers and that I have responsibility to maintain a positive representation of the company. Furthermore, I understand that this policy can be amended at any time.

Dated: _____.

Signature _____

Printed name _____

Notes:

The Benefits Package- Salaried Employees Only

In addition to receiving an equitable salary and having an equal opportunity for professional development and advancement, you may be eligible to enjoy other benefits that will enhance your job satisfaction. We are certain that you will agree that the benefits program described in this Manual represents a very large investment by Running Free, Inc., and we trust that you will avoid abusing any of the program's benefits.

A good benefits program is a solid investment in Running Free, Inc. and its employees. It not only insures the loyalty of long-time capable employees, it also helps to attract talented newcomers who can help Running Free, Inc. grow. Running Free, Inc. will periodically review the benefits program and will make modifications as appropriate to the company's condition.

Eligibility for Benefits

If you are a salaried employee, you will enjoy all of the benefits described in this manual as soon as you meet the eligibility requirements for each particular benefit. If hourly, you will enjoy only those benefits which are required by law to be afforded to you, provided that you meet the minimum requirements set forth by law and in the benefit plan(s).

If you are a part-time employee, you will enjoy only those benefits that are required by law to be afforded to you, provided that you meet the minimum requirements set forth by law and in the benefit plan(s).

No benefits are available to you during your Introductory Period, except as otherwise provided by law.

Hourly employees are not eligible for benefits.

Introductory Period - Salaried

The Introductory Period for Salaried employees will extend through the first ninety (90) days of your employment at Running Free, Inc., and are considered an Introductory Period, and during that period you will not accrue benefits described in this Manual unless otherwise required by law. This Introductory Period will be a time for getting to know your fellow employees, your manager and the tasks involved in your job position, as well as becoming familiar with Running Free, Inc.'s products and services.

This Introductory Period is a try-out time for both you, as an employee, and Running Free, Inc., as an employer. During this Introductory Period, Running Free, Inc. will evaluate your suitability for employment, and you can evaluate Running Free, Inc. as well. At any time during this first 90 days, you may resign without any detriment to your record, as long as you give us proper notice for us to replace you. If, during this period, your work habits, attitude, attendance or performance do not measure up to our standards, we may release you.

Please understand that completion of the Introductory Period does not guarantee continued employment for any specified period of time, nor does it require that an employee be discharged only for "cause."

A former employee who has been rehired after a separation from Running Free, Inc. of less than 2 years will be considered an Introductory Employee during the first 60 days following their rehire date.

Work Schedule for Salaried Employees Only

The normal workweek varies considerably, depending on other employee's schedules and the needs of our seasonal business. Your schedule of daily work hours will be given to you by your manager, or posted on Thursday mornings prior to the Saturday workweek start. We will make every effort to adhere to schedules, but last minute changes may be necessary. You will be notified promptly whenever a change is necessary. All requests for specific days or times off must be done in writing no later than Tuesday of the preceding week and presented to the General Manager. These are only requests until you have received written confirmation for your specific times or days off.

Once a week's schedule is posted and a change needs to be made for personal reasons such as an unforeseen doctor's appointment, it is your responsibility to find a qualified co-worker to cover your shift. Once you have found someone able to cover your shift, you must obtain approval from the General Manager. The General Manager will then notify human resources of the schedule change.

Absence or Lateness

From time to time, it may be necessary for you to be absent from work. Running Free, Inc. is aware that emergencies, illnesses, or pressing personal business that cannot be scheduled outside your work hours may arise. Sick days have been provided for this. Flexible scheduling should handle other personal needs.

If you are unable to report to work, or if you will arrive late, please contact your manager immediately. Give him or her as much time as possible to arrange for someone else to cover your position until you arrive. Captains present a difficult problem when a last minute absence is necessary. Since we are required by the Coast Guard to have a captain on board a cruise, failure to notify us in time for a replacement is a serious offense and can cause the company to lose business and a good public image. If you know in advance that you will need to be absent, you are required to request this time off directly from your manager. He or she will determine when will be the most suitable time for you to be absent from your work.

When you call in to inform Running Free, Inc. of an unexpected absence or late arrival, please call your manager directly. If unable to reach your manager, you may phone our business office at 410-263-8619. However, please note that this office is only open Monday-Friday 9am – 5pm. For late arrivals, please indicate when you expect to arrive for work. If you are unable to call in yourself because of an illness, emergency or for some other reason, be sure to have someone call on your behalf.

Paid Leaves of Absence- Salaried Employees Only

PAID TIME-OFF POLICY

Paid Time-Off (PTO) Bank System

A Paid Time-Off (PTO) Bank System is an allotment of accrued time-off hours that can be used by employees for vacations, personal time-off, personal emergencies, or familial sickness. These hours are placed into a “bank” to be used by the employee after October 31. This is a generous program offered by the Company and should not be abused by employees.

Only full-time regular exempt employees are eligible for PTO. These employees begin accruing PTO on the first day of employment.

New employees will get 2 PTO days on May 1 and then will be able to use accrued time starting as early as November 1st.

Every hour you work (up to a 40 hours week) you earn .069 hours of PTO. Due to paid holidays between Christmas and New Year’s, the amount of PTO days will fluctuate.

The accrual rate will be as follows for the next 7 years:

2013	18
2014	18
2015	18
2016	20
2017	19
2018	18
2019	18
2020	18

Due to the seasonal nature of our business, there is a Vacation Period to use your PTO for extended time off.

General Guidelines for using all PTO are as follows:

- Employees are expected to work with management to determine the most appropriate time to take PTO that still allows the company to work efficiently.
- All requests for time off must be submitted through the company wide use of the Jot-Form. This will contact your manager for approval. Approval/Refusal will be sent back within a reasonable time period of two business days.
- In the event a conflict with that of another employee arises, the earlier request will be granted.
- PTO must be requested in advance following the rules set during the different times of year.
- PTO will be calculated in full or half day periods.
- 2 Days of PTO can be rolled into the following year.
- When calling in sick, employees are required to notify your manager ASAP. Call your manager and they will submit your sick day paperwork (Jotform)
 - Absences of more than 2 days due to illness will require a doctor's note in order for the absence to be excused.
- If you need to see a doctor or make an appointment for a doctor, this would fall under the category of being sick.
- Abuse of the Company's PTO program will result in progressive discipline, up to and including termination of employment

Vacation Period PTO: (November 1-February 28/29) These rules do not apply to "sick" use of PTO.

- The Vacation Period PTO is during **November 1 – February 28/29** must be requested.
- PTO must be submitted at least 12 days prior to the start of leave. 12 days is necessary to schedule around your absence.
- If you want to request only one day off during this period, we need only 5 day advance notice.

Non-Vacation Period PTO: (Due to the seasonal nature of our business, we need to make sure the company is covered.) These rules do not apply to "sick" use of PTO.

- PTO must be submitted at least 12 days prior to the start of leave. 12 days is necessary to schedule around your absence.
- No more than one PTO day may be taken at any one time within the same work week, unless one day was a sick day.
- Only one PTO day can be used every 30 calendar days, unless one day was a sick day.

Managing PTO:

- To help with knowing how much time you have, all employees will receive a PTO summary no later than the 5th date of the beginning of each quarter from HR. (November, February, May, & August)
- It is your responsibility to use your PTO wisely and efficiently. The rules will still be in effect and will not be relaxed because you have more days left and no way to use them.
 - For example, an employee has 6 days of PTO to use and it is now October 1st. That employee would be able to roll over 2 of those PTO days to the next year. Of the 4 remaining days, the employee would only be able to use one for PTO because of the rule that you cannot use more than one day in a 30 day period. Those other 3 days would go unused unless the employee was sick.

Other than 2 PTO days, PTO may not be carried over from year to year and is paid out upon termination of employment provided that the employee is still employed on November 1st.

Holidays

Only full-time, regular exempt employees are eligible for paid holidays after the successful completion of the Introductory Period (the first ninety (90) days of employment).

Non-exempt employees are not eligible for paid holidays.

RUNNING FREE, INC. recognizes the following holidays as paid holidays.

- Thanksgiving Day
- Friday following Thanksgiving Day
- Weekdays during the period of Christmas Eve through New Year's Day.

Please note that RUNNING FREE, INC. will close from Christmas Eve through New Years Day of each calendar year. Since this number varies each year, this number will affect your total number of PTO days yearly.

Office Staff (Lincoln Drive staff) can use unpaid leave or Paid Time-Off (PTO) for the following holidays during the calendar year:

- Memorial Day
- Government observation of July 4th
- Labor Day

Holiday Policies

The company will make every effort not to schedule you to work during your religious holidays. You must notify your manager at least ten business days in advance, and receive approval from your manager. This time off is without pay.

Unpaid Leaves of Absence

Occasionally, for medical, personal, or other reasons, you may need to be temporarily released from the duties of your job with Running Free, Inc., but may not wish to submit your resignation. Under certain circumstances, you may be eligible for an unpaid leave of absence. Please discuss this with your manager or the President or Vice President.

Salaried Employees Only

Personal Leave of Absence (Unpaid)

In very special circumstances, Running Free, Inc. may grant a leave for a personal reason, but never for taking employment elsewhere or going into business for yourself. You should request an unpaid personal leave of absence from your manager. A personal leave of absence must not interfere with the operations of your department or Running Free, Inc. Your manager will submit your request to the appropriate member of management for final approval.

A personal leave of absence may be granted for up to thirty (30) days. Consult your group insurance booklet to determine your insurance coverage during a leave of absence. Failure to return from a leave at the time agreed will result in termination of employment.

Accepting Other Employment or Going In to Business While on Leave of Absence

If you accept any employment or go into business while on a leave of absence from Running Free, Inc., you will be considered to have voluntarily resigned from employment with Running Free, Inc. as of the day on which you began your leave of absence.

Insurance Premium Payment While on Leave of Absence

While you are on any type of unpaid leave of absence from Running Free, Inc., you will be responsible for paying the total premiums for your coverage and that of your dependents while on leave. Failure to do so may result in loss of coverage and possible refusal by the insurance carrier to allow your coverage to be reinstated. Weekly HSA contributions will only be made during pay periods when you receive a paycheck.

Insurance Coverage - Salaried Employees Only

Group Insurance

Running Free, Inc. is interested in the health and well being of both you and your family. A comprehensive health insurance program is available for you and your family. We provide group insurance underwritten by a national insurance carrier. You become eligible for coverage on the first day of the calendar month following 60 days after your date of hire, including date of hire. At that time, you may choose to accept the insurance coverage, or not

The following benefits are provided, as defined and limited in the literature provided by our insurance company:

- Major Medical and Surgical Coverage
- Medical Health Care Coverage including Health Savings Account

If you choose insurance coverage, our insurance company provides a booklet describing your benefits; a copy of this will be given to you when you join the program. Running Free, Inc. will pay for the full cost of this program for salaried employees. We pay 100% of the premiums for insurance coverage on you but do not provide for insurance coverage of your eligible dependents, the balance of which is deducted from your paycheck by payroll deduction if so elected.

In the event of your termination of employment with Running Free, Inc. or loss of eligibility to remain covered under our group health insurance program, you and your eligible dependents may have the right to continue coverage under our health insurance program for a limited period of time at your or their own expense. (This does not affect the conversion privilege as stated in the insurance policy.) Consult Human Resources for details.

Termination of Insurance

Your insurance will terminate at the end of the month in which the insurance policy terminates, when you fail to make an agreed contribution to premium when due, when you cease to be eligible for coverage under the terms of our group insurance program, or when you cease to be employed as a regular full-time salaried employee eligible for the insurance.

Receipt & Acknowledgement of Running Free, Inc. Employee Manual

This Employee Manual is an important document intended to help you become acquainted with Running Free, Inc.. This Manual will serve as a guide; it is not the final word in all cases. Individual circumstances may call for individual attention.

Because the general business atmosphere of Running Free, Inc. and economic conditions are always changing, the contents of this Manual may be changed at any time at the discretion of Running Free, Inc. No changes in any benefit, policy or rule will be made without due consideration of the mutual advantages, disadvantages, benefits and responsibilities such changes will have on you as an employee and on Running Free, Inc.

Please read the following statements and sign below to indicate your receipt and acknowledgement of the Running Free, Inc. Employee Manual.

- I have received and read a copy of the Running Free, Inc. Employee Manual. I understand that the policies, rules and benefits described in it are subject to change at the sole discretion of Running Free, Inc. at any time. I understand that this manual replaces (supersedes) all other previous manuals for Running Free, Inc. as of April 2013.
- I further understand that my employment is terminable at will, either by myself or Running Free, Inc., regardless of the length of my employment or the granting of benefits of any kind, including but not limited to profit sharing benefits which provide for vesting based upon length of employment.
- I understand that no contract of employment other than "at will" has been expressed or implied, and that no circumstances arising out of my employment will alter my "at will" employment relationship unless expressed in writing, with the understanding specifically set forth and signed by myself and the President of Running Free, Inc.
- I am aware that during the course of my employment confidential information will be made available to me, i.e., product designs, marketing strategies, customer lists, pricing policies and other related information. I understand that this information is critical to the success of Running Free, Inc. and must not be given out or used outside of Running Free, Inc.'s premises or with non-Running Free, Inc. employees. In the event of termination of employment, whether voluntary or involuntary, I hereby agree not to utilize or exploit this information with any other individual or company.
- I understand that, should the content be changed in any way, Running Free, Inc. may require an additional signature from me to indicate that I am aware of and understand any new policies.

- I understand that my signature below indicates that I have read and understand the above statements and have received a copy of the Running Free, Inc. Employee Manual.
- I have read, understand, and agree to comply with the foregoing policies, rules, and conditions governing the use of the Company's computer and telecommunications equipment and services. I understand that I have no expectation of privacy when I use any of the telecommunication equipment or services. I am aware that violations of this guideline on appropriate use of the e-mail and Internet systems may subject me to disciplinary action, including termination from employment, legal action and criminal liability. I further understand that my use of the e-mail and Internet may reflect on the image of *Running Free, Inc.* to our customers, competitors and suppliers and that I have responsibility to maintain a positive representation of the company. Furthermore, I understand that this policy can be amended at any time.

Employee's Printed Name

Position

Employee's Signature

Date

Manager's Signature

Date

The signed original copy of this agreement should be given to your manager -- it will be filed in your personnel file.