

Pure Cycle Corporation



Employee

Handbook

2022/2023

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INTRODUCTION

Pure Cycle Corporation (Pure Cycle) is committed to creating a strong team environment where employees always treat customers and each other with respect, and where each of us practices the basic principles of integrity, flexibility, honesty, trust and stewardship: principles we believe go hand-in-hand with achieving success.

ABOUT THIS HANDBOOK

This handbook is intended to help all employees become acquainted with Pure Cycle by providing information that management believes is informative and helpful. Unless otherwise indicated, this handbook supersedes and replaces all previous personnel policies, practices, and guidelines. Please read the entire handbook. It is important for you to know and understand the information it contains. We believe you will find it helpful throughout your employment with Pure Cycle.

At times, it may be necessary for Pure Cycle to modify some of the provisions of this handbook. Additionally, because it is not possible for Pure Cycle to foresee all contingencies or circumstances which may arise, it may be necessary to depart from the procedures and policies set forth in this manual when, in the sole discretion of the Company, individual circumstances warrant. Thus, except for Pure Cycle's policy of employment at-will, which can be modified only through a written agreement signed by you and the person(s) designated to make management decisions, the Company reserves the right to add to, modify, or delete any of the provisions of this handbook or terms and conditions of your employment at any time without notice.

Nothing in this handbook is meant to restrict or impede any rights guaranteed by any applicable federal and state law including, but not limited to, the National Labor Relations Act or Fair Labor Standards Act.

If you cannot find the information you are looking for in this handbook, or still have questions after reading this material, please contact your supervisor or the Human Resources Department.

OUR CULTURE



EXCELLENCE

We pursue excellence in everything that we do. We are passionate about delivering industry-leading performance throughout our company.



INTEGRITY

We uphold high ethical standards and treat our customers, shareholders, business partners and neighboring communities with integrity and respect.



SAFETY & ENVIRONMENT

We are committed to a culture of safety and responsible environmental stewardship, and to the health and safety of everyone working with us.



ACCOUNTABILITY

We treat every asset, project, and investment as our own. We are committed to profitably growing our business and creating long-term shareholder value.



INNOVATION & COLLABORATION

We work to leverage the best technologies, develop superior processes, and deliver optimum performance. Success is defined as "getting the right thing done right."



ADAPTABILITY

We believe that adaptability is a competitive advantage. We embrace change and constantly evolve our strategies to remain competitive, profitable and relevant.



EMPLOYMENT RELATIONSHIP

Pure Cycle is a Colorado based corporation and as such your employment is considered “at-will.” This means your employment with Pure Cycle is voluntarily entered into and continues at the will of both parties. Pure Cycle may terminate your employment at any time, with or without notice or cause, so long as there is no violation of applicable law. Additionally, you may terminate your employment with Pure Cycle at any time with or without notice. Please note, it is customary for employees to give a two week notice of termination to allow the employer ample time to replace the employee. Providing a two-week notice does not require Pure Cycle to retain your employment for the entire two weeks. Management, in its sole discretion, will determine the proper transition time and your pay will be adjusted accordingly.

Policies set forth in this Handbook are not intended to create an express or implied contract, nor are they to be construed to constitute contractual obligations of any kind or a contract of employment between Pure Cycle and any of its employees.

Pure Cycle reserves the right to revise, supplement, rescind or cancel any policies or portions of the handbook as necessary and appropriate, at its sole and absolute discretion, except for the policy of employment-at-will. Any oral modifications of the terms of an employee’s employment are not the Company policy and are not binding.

The President and CFO are the only Company representatives who have the authority to enter into any contract or agreement for employment for any specified period of time or to make any binding commitment which is contrary to your at-will employment status or to make any agreement restricting the Company’s right in its sole discretion to modify the terms and conditions, job assignments, level of compensation and/or benefits of your employment. To be enforceable, any such agreement must be in writing and must express a clear intent to alter the at-will nature of your employment status and must be signed by the employee and the Company’s President. Your, at-will employment relationship cannot otherwise be amended.

OPEN DOOR POLICY / GRIEVANCE PROCESS

At Pure Cycle, we recognize that our continued success depends in large part on you. We value positive working relationships with our employees as a sound business practice in the best interest of all employees.

We believe that in many cases, problems, concerns, or misunderstandings can be cleared up by honest and open discussion. Therefore, we strongly encourage open, ongoing communications between employees and Pure Cycle management. In our spirit of willingness to listen and our practice of fair dealing, Pure Cycle believes in an open-door policy. To ensure all legitimate grievances are dealt with in an efficient and effective manner, Pure Cycle has implemented the following grievance process:



- Consistent with our open-door policy, the first step in the grievance process is to have a private discussion with your immediate supervisor. Issues, complaints, and grievances must not be discussed with your peers as this does nothing to address the issue, if the issue is a misunderstanding, it may create additional problems and it may result in disciplinary action against the employee. Employees are encouraged to raise work-related concerns as soon as possible after the concerns arise. Employees are further encouraged to pursue discussion of work-related concerns until the matter is fully resolved. Although the Company cannot guarantee that the employee will be satisfied with the result, the Company will attempt to explain the result to the employee if the employee is not satisfied. Supervisors will try to resolve all grievances as quickly as possible. When they are unable to do so, they will refer the issue to the HR department or other member of Pure Cycle management as is necessary.
- If the employee has a grievance related to their supervisor, employees should contact the Human Resource Manager, the President, or the CFO directly. The Human Resource Manager, the President, or the CFO will do their best to resolve the matter as quickly as possible.

If any employee feels uncomfortable about expressing concerns to their supervisor or the Human Resource Manager, they may anonymously report their concerns through the Company's Whistleblower Policy directly to the Board of Directors by sending an anonymous email to auditchair@purecyclewater.com. For additional information please see the Company's Whistleblower policy, included as an addendum to this manual.

OUR COMMITMENT

AS WE LIVE THESE VALUES, WE ARE COMMITTED TO:

OUR EMPLOYEES

- MAINTAINING EMPLOYMENT PRACTICES BASED ON EQUAL OPPORTUNITY
- TREATING EACH OTHER WITH DIGNITY AND RESPECT
- PROVIDING A SAFE WORKING ENVIRONMENT AND AN ATMOSPHERE OF OPEN COMMUNICATION

OUR CUSTOMERS

- PROVIDING HIGH QUALITY, SAFE DRINKING WATER AND TREATMENT OF WASTEWATER AT COMPETITIVE RATES
- PROTECTING AND EXERCISING SOUND STEWARDSHIP OVER OUR VALUABLE WATER SUPPLIES AND WATERSHEDS
- PROVIDING SUPERIOR CUSTOMER SERVICE

OUR STOCKHOLDERS

- PROTECTING AND IMPROVING THE VALUE OF OUR STOCKHOLDERS' INVESTMENTS THROUGH PRUDENT USE OF OUR RESOURCES
- PROVIDING FULL AND FAIR DISCLOSURE OF OUR FINANCIAL CONDITION AND OPERATION RESULTS

OUR COMMUNITIES AND OUR COMPETITORS

- COMPETING THROUGH SUPERIOR SERVICE AND HONESTY IN THE WATER, WASTEWATER UTILITIES, AND LAND DEVELOPMENT INDUSTRIES
- ABIDING BY ALL NATIONAL AND LOCAL LAWS
- WORKING TO IMPROVE THE WELL-BEING OF OUR COMMUNITIES



WE ARE COMMITTED TO OUR EMPLOYEES

EQUAL EMPLOYMENT OPPORTUNITY

Equal employment opportunities are provided to all qualified individuals in all aspects of the employment relationship. Employment decisions are made without regard to sex, gender, race, color, religion, national origin, citizenship, age, disability, marital or veteran status, genetic information, sexual orientation, or any other legally protected characteristics. This includes providing reasonable accommodations(s) for disabilities or religious beliefs and practices. We maintain an affirmative action plan making good faith effort to recruit, hire, and advance in employment qualified minorities, women, persons with disabilities, and protected veterans.

If you believe you require an accommodation(s) in the workplace, please talk with your supervisor or Human Resources.

PROHIBITED HARASSMENT

All employees must be treated with respect and dignity. Pure Cycle prohibits any form of harassment based on sex, gender, race, color, national origin, religion, marital or veteran status, genetic information, sexual orientation, age, disability, or any other legally protected characteristics.

Harassment is verbal or physical conduct showing hostility or aversion toward an individual because of his or her race, color, religion, sex, gender, national origin, marital or veteran status, genetic information, sexual orientation, age, disability, or any other legally-protected characteristics or that of his or her relatives, friend, or associates, and that:

- has the purpose or effect of creating an intimidating, hostile, or offensive working environment
- has the purpose or effect of unreasonably interfering with an individual's work performance; or
- otherwise adversely affects an individual's employment opportunities

Harassment is also unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment, (2) submission to or rejection of such conduct is used as the basis for employment decisions, or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.



REPORTING A CONCERN

If you believe discrimination or harassment in violation of this handbook has occurred or is occurring, you should promptly report it to your supervisor, a member of management, Human Resources, or through the Company's Whistleblower Policy, regardless of the position of the offending person. Reports should be made as soon as possible to facilitate prompt and thorough investigations and eliminate discrimination and harassment. Do not wait for a situation to become worse or intolerable before making a report.

Reports are investigated promptly. We intend to protect the privacy of the persons involved, except to the extent limited disclosure is necessary to conduct a proper investigation. If the investigation substantiates the report, we will act to stop the discrimination or harassment and prevent its reoccurrence. The corrective action may include discipline—up to and including termination of employment—of the person found to have violated the code.

Nothing in this Code requires a person reporting discrimination or harassment to present the matter to the individual who is the subject of the report. Pure Cycle will not permit retaliation against any person for reporting a concern in good faith. However, knowingly making a false report, or engaging in any other bad faith use of the reporting system, violates this Code.

If you believe there has been an instance of fraud, an illegal act committed or misappropriation of Company assets, you should report the incident to the chairperson of the Audit Committee at auditchair@purecyclewater.com as soon as practical.

WHISTLEBLOWER POLICY

A whistleblower as defined as an employee of Pure Cycle who reports an activity that he/she considers to be illegal or dishonest to one or more of the parties specified in this handbook. The whistleblower is not responsible for investigating the activity or for determining fault or corrective measures; appropriate management officials are charged with these responsibilities.

If an employee has knowledge of or a concern of illegal or dishonest fraudulent activity, the employee is to contact his/her immediate supervisor, the Human Resources Manager, or the Audit Chair through auditchair@purecyclewater.com. The employee must exercise sound judgment to avoid baseless allegations. An employee who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination.

Whistleblower protections are provided in two important areas -- confidentiality and against retaliation. Insofar as possible, the confidentiality of the whistleblower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defense. The Company will not retaliate against a whistleblower. This includes, but is not limited to, protection from retaliation in the form of an adverse employment action such as termination, compensation decreases, or poor work assignments and threats of physical harm. Any whistleblower who believes he/she is being retaliated against must contact the Human Resources Manager immediately. The right of a whistleblower for protection against retaliation does not include immunity for any personal wrongdoing that is alleged and investigated.



In accordance with the Defend Trade Secrets Act, an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Additionally, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

All reports of illegal and dishonest activities will be promptly submitted to the Human Resources Manager who is responsible for investigating and coordinating corrective action.

PERSONNEL DATA CHANGES

Keeping your personnel file up to date can be important to you regarding benefits and other matters. If you have a change in any of the following items or in any other relevant information, please be sure to inform Human Resources. It is your responsibility to notify the Company of any changes in your employee data including:

- Legal Name
- Home Address
- Home/cell telephone number
- Personal email address
- Emergency contact information
- Exemption on your W-4 form
- 401(k) participation



Employee Profile

PERFORMANCE REVIEWS

As a commitment to the growth and development of our employees, Pure Cycle has a performance review program. Pure Cycle attempts to perform reviews with all employees at least once every 12 months, sometimes this is more frequent and sometimes it will be longer than 12 months. During the review, you will have the opportunity to discuss your performance with your manager. Your manager will provide feedback on your performance and review with you performance metrics such as if your performance is exceeding expectations, meeting expectations, did not meet expectations, etc. In the employee participation portion of the review process, including the self-assessment and supervisor assessment, you will have the opportunity to give feedback as well.

All information is used to determine training needs, if any, and plan for development. Please understand that a positive performance evaluation does not guarantee an increase in salary, a promotion or even continued employment. Compensation increases and the terms and conditions of employment, including job assignments, promotions and demotions, continued employment, benefits offered, etc. are determined by, and in sole discretion of, Pure Cycle.

In addition to performance reviews, Pure Cycle strongly encourages you and your supervisor to discuss your job performance on an on-going basis.



EMPLOYEE BENEFITS

HEALTH, DENTAL, FLEXIBLE SPENDING ACCOUNT AND 401K

Pure Cycle offers a wide range of benefits designed to promote the health and wellness of employees. For information on Health, Dental, FSA and 401K benefits, please refer to your Pure Cycle Employee Benefit Guide. The Company reserves the right to amend, supplement, modify, or discontinue any of the benefits at any time in the Company's sole discretion.

BENEFITS CONTINUATION (COBRA)

The Federal Consolidated Omnibus Budget Reconsideration Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under Pure Cycle's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment or death of an employee, an employee's divorce or legal separation, or a dependent child no longer meeting eligibility requirements.

Under COBRA, following a "qualifying event," the employee or beneficiary pays the full cost of coverage at Pure Cycle's group rates plus an administration fee. Pure Cycle provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under the Pure Cycle health insurance plan. The notice contains important information about the employee's rights and obligations and should be reviewed carefully.

HOLIDAYS

Pure Cycle currently observes the following holidays as days off with pay:

1. New Year's Day
2. Martin Luther King Jr. Day
3. President's Day
4. Memorial Day
5. Juneteenth Day
6. Independence Day
7. Labor Day
8. Thanksgiving Day
9. The day after Thanksgiving
10. Christmas Day.

When a holiday falls on a Saturday, it is observed on the preceding Friday. When the holiday falls on a Sunday, the following Monday is observed. All other holidays are not paid days off; however, Pure Cycle can add or remove days at its sole discretion.

Apart from observed state and national holidays, some employees may observe separate religious holidays. In the spirit of anti-discrimination practices, we will allow employees to take unpaid time off for a religious holiday, which must be communicated to your supervisor sufficiently in advance to allow the supervisor to ensure proper staffing during your absence.

Holiday time is not counted as hours worked in computation of overtime. Fulltime employees receive eight hours of holiday pay at their regular rate of pay.

Because we operate in an essential service industry, there may be situations when employees are requested to work on holidays. For Non-exempt employees, if you are requested by your supervisor to work on one of the holidays listed above, you will be paid overtime rates for the hours actually worked on the holiday.



PAID SICK LEAVE

All employees accumulate sick time at the rate of 1 hour per 30 hours worked, up to 48 hours in a year. Paid sick leave may be used if an employee:

1. has a mental or physical illness, injury, or health condition that prevents them from working
2. needs to get preventive medical care, or to get a medical diagnosis, care, or treatment, of any mental or physical illness, injury, or health condition
3. needs to care for a family member who has a mental or physical illness, injury, or health condition, or who needs the sort of care listed in category (2)
4. needs care or other counseling, victim services (including legal service), or relocation; or
5. due to public health emergency, a public official having closed either (A) the employee's place of business, or (B) the school or place of care of the employee's child, requiring the employee needing to be absent from work to care for the child

Paid sick leave may be used in one-hour increments. Employees begin accruing sick time upon hire.

It is the employee's responsibility to notify their manager each day at the beginning of the shift when unable to come to work due to medical or domestic violence reasons. Also, they must let the manager know when expected to return to work. In the event of an absence of four or more days, medical or legal certification is required. This certification should indicate that the employee was unable to work due to medical or domestic violence reasons and the length of time this restriction lasted.

If the employee has an extended illness, accumulated sick time currently provides pay while away from work. Unused sick hours are currently carried over from year to year up to 48 hours so they can be accumulated and used when needed. Employees will not accrue additional sick time until the balance falls below 48 hours.

Because paid sick time can be accumulated to be used if you are personally sick or injured; the employee will not receive extra pay or extra time off for unused sick time. Paid sick time will not be used in the calculation of overtime. Also, unused sick time is not paid upon leaving employment. Additional Rules will apply in the case of a public health emergency.

VACATION

Full-time employees are currently granted paid vacation after completing continuous service as described below:

Years Of Service	Annual PYO Accrual
Less than one year _____	→ 5 days (40 hours)
1-5 years _____	→ 13 days (104 hours)
5-10 years _____	→ 18 days (144 hours)
More than 10 _____	→ 23 days (184 hours)



Employees are responsible for scheduling their vacation, in advance, with their Supervisor and must receive their Supervisor's approval. Vacations are to be scheduled in a manner that minimizes interruptions to company operations.

Vacation time will not be counted in the computation of overtime.

Upon separation of employment, employees receive pay for earned, unused vacation.

We encourage employees to use all their earned vacation each year. Employees may carry over unused vacation into the next anniversary year. However, the maximum vacation that employees may accumulate is 40 hours over their annual vacation allotment. At no point can the carryover, plus the new vacation, exceed this cap. As a result, the amount of vacation that employees may be granted each anniversary date might be limited by the amount carried over.

LEAVES OF ABSENCE

BEREAVEMENT LEAVE

Pure Cycle understands that personal time is needed when death or tragedy strikes. Therefore, the Company will permit you to take up to one week of paid leave, which does not count against PTO, to attend the funeral and take care of personal matters related to the death of a member of your immediate family (parent, spouse, spouse's parent, child, step-child, or sibling).

One day of paid leave will be granted in the case of the death of a member of your extended family (aunt, uncle, grandparent, or other in-laws).



FAMILY MEDICAL LEAVE

Although Pure Cycle is not required to follow the Family Medical Leave Act (FMLA), Pure Cycle does provide eligible employees job protection for extended leave for specific family and medical purposes. Eligible employees are granted up to 2 calendar weeks/10 working days of medical leave during a 12-month period. The leave may be paid, unpaid or a combination of paid and unpaid leave, depending on the circumstances of the leave and as specified in this handbook. This can be modified as required by law or at the sole discretion of Pure Cycle management.

Eligibility

To qualify to take family or medical leave under this policy, the employee must meet all the following conditions:

- The employee must have worked for Pure Cycle for 24 months or 104 weeks.
- The employee must have worked at least 2,500 hours during the 24-month period immediately preceding the commencement of the leave. The 2,500 hours do not include time spent on paid or unpaid leave. Consequently, these hours of leave should not be counted in determining the 2,500 hours eligibility test for an employee.

Type of Leave Covered

To qualify as family or medical leave under this policy, the leave must be for one of the reasons listed below:

- the birth of a child and in order to care for that child
- the placement of a child for adoption or foster care and to care for the newly placed child
- care of a family member with a serious health condition
- a serious health condition which prevents the employee from working or performing the essential functions of the job; or
- certain qualifying exigencies arising from a family member's military service or to care for a service member who is a family member, which includes next of kin, and injured in the line of duty

Measurement Period

The company will measure the 12-month period as a rolling 12-month period looking backward from the date an employee uses any leave under this policy. Each time an employee takes leave, the Company will compute the amount of leave the employee has taken under this policy in the last 12 months and subtract it from the 2 weeks of available leave, and the balance remaining is the amount the employee is entitled to take at that time.

Effects on Benefits

During the period of Family and Medical Leave, employees will continue to participate in those benefit plans in which they participated prior to their leave of absence.

Request for Leave

The employee must request leave, in writing, to their supervisor or Human Resources, at least 30 days prior to the start of leave. Exception to the number of days' notice required may be made in emergency situations, in which case notice must be given as soon as practical under the circumstances.



Medical Certification

Any leave request based on a family member's or employee's own serious health condition must be supported by certification from a healthcare provider. The certification must include the date the health condition began, the appropriate medical facts regarding the condition, and the estimated amount of time the employee will be on leave. If the leave is based on the employee's own serious health condition, the certification must include a statement that the employee is unable to perform the functions of his/her job. If the leave is based on the care of a spouse, child or a parent, the certification must include a statement that the employee is needed to provide the care and an estimate of the amount of the time that the need will continue. A medical certification statement is required within 7 calendar days after it is requested, if practical. Updated medical certifications may also be required to support leaves.

Use of Paid Time Off

While on family and medical leave, you will be required to utilize earned unused Sick, PTO time during your unpaid FML leave of absence first. When paid leave is exhausted, employees may continue the balance of their FML leave on an unpaid basis.

PAID PARENTAL LEAVE

Pure Cycle will provide up to one week of paid parental leave to employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn, a newly adopted or newly placed child. This policy will run concurrently with Pure Cycle's family medical leave benefit, as applicable.

Eligibility

To be eligible for paid parental leave, employees must meet the following criteria:

- have been employed with the company for at least 24 months
- have worked at least 2,500 hours during the 24 consecutive months immediately preceding the date the leave would begin
- be a full-time or part-time, regular employee (temporary employees and interns are not eligible for this benefit)

In addition, employees must meet one of the following criteria:

- have given birth to a child
- be a spouse or committed partner of a person who has given birth to a child
- have adopted a child or been placed with a foster child (in either case, the child must be age 17 or younger). The adoption of a new spouse's child is excluded from this policy.

Amount, Time Frame, and Duration of Paid Parental Leave

- Eligible employees will receive a maximum of 1 week of paid parental leave per birth, adoption, or placement of a child/children. The fact that a multiple birth, adoption, or placement occurs (e.g., the birth of twins or adoption of siblings) does not increase the 1-week total amount of paid parental leave granted for that event. In addition, in no case will an employee receive more than 1 week of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption, or foster care placement event occurs within that 12-month time frame.



- Parental leave is not charged against the employee's other paid leave credits, and the amount of paid days received is 1 week. The paid leave is compensated at the following levels:
- After two full years of service— 100 percent of salary
- Approved paid parental leave may be taken at any time during the 6-month period immediately following the birth, adoption, or placement of a child with the employee. Paid parental leave may not be used or extended beyond this 6-month time frame.
- Employees must take paid parental leave in one continuous period of leave and must use all paid parental leave during the 6-month time frame indicated above. Any unused paid parental leave will be forfeited at the end of the 6-month time frame.
- Upon termination of the individual's employment at the Company, he or she will not be paid for any unused paid parental leave for which he or she was eligible.

Coordination with Other Policies

Paid parental leave taken under this policy will run concurrently with leave under the FML Policy; thus, any leave taken under this policy that falls under the definition of circumstances qualifying for leave due to the birth or placement of a child due to adoption or foster care, the leave will be counted toward the 2 weeks of available FML leave per a 12-month period. All other requirements and provisions under the FML Policy will apply. In no case will the total amount of leave—whether paid or unpaid—granted to the employee under the FML Policy exceed 2 weeks during the 12-month FML period.

After the paid parental leave is exhausted, the balance of FML leave (if applicable) will be compensated through employee's accrued sick, vacation, and personal time. Upon exhaustion of accrued sick, vacation and personal time, any remaining leave will be unpaid leave. Please refer to the Family Medical Leave Policy for further guidance.

The Company will maintain all benefits for employees during the paid parental leave period just as if they were taking any other company paid leave such as paid vacation leave or paid sick leave.

If a company holiday occurs while the employee is on paid parental leave, such day will be charged to holiday pay; however, such holiday pay will not extend the total paid parental leave entitlement.

Requests for Paid Parental Leave

The employee will provide his or her supervisor and the human resource department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible). The employee must complete the necessary HR forms and provide all documentation as required by the Human Resources department to substantiate the request.

The organization has the exclusive right to interpret this policy.

JURY DUTY

The Company recognizes jury duty as a civic responsibility of everyone. If you are called to serve jury duty, please notify your supervisor of the need for time off as soon as a notice or summons from the court or a subpoena is received. Please submit a copy of the document to Human Resources. The Company will pay you regular pay for 3 days. Should you be asked to serve longer than 3 days, any remaining service will be unpaid. At the end of duty, employees must provide Human Resources with a statement of the duty's duration signed by the court clerk.



TIMEKEEPING AND PAYROLL

PAY DATES

Pure Cycle will pay all employees every other Friday. The period paid will be for the two-week period ended the Saturday prior to the payday. A schedule of paydates can be found in our Payroll App., HCM Mosiac. If a holiday falls on a payday, payroll will be sent the working date that falls before this date.

On each payday, employees receive a statement showing gross pay, deductions, and net pay.



WORK HOURS/TARDINESS

The Company's workweek begins at 12:01 a.m. Sunday and ends at 12 midnight the following Saturday. Work schedules for our employees are established within this framework. A normal working schedule for regular full-time employees consists of a mandatory 40 hours each workweek. Each employee's supervisor will advise the employee regarding his/her specific working hours and any change in working hours will be announced as far in advance as possible by the supervisor. Punctual and consistent attendance is a condition of employment. Employees must take all meal periods and breaks. As part of our responsibility to our customers, the public, and to other employees, we expect our employees to be at work as scheduled, to arrange their personal schedules to accommodate our established working hours, and to notify us as early as possible if they expect to be absent or tardy. Employees are expected to be at work, ready to begin work, at the beginning of their assigned shift.



Mandatory 40 Hour Work Week

Field employees working outdoors may experience significant days, mostly in the winter months, where weather and field conditions are not conducive to productive work. To allow the Company to plan, schedule, and complete necessary work, employees must be available to work during the hours of 7am – 5:30pm Monday – Saturday for a mandatory 40-hour work week. The Company will strive to maintain a regular work schedule typically between the hours of 7am – 3:30pm or other times as defined by management. If management determines conditions are unsafe or unproductive to work, for part of a day or days during a regular work week, employees will be expected to maintain a 40-hour work week through additional hours and/or days. There may be weeks when weather conditions will not allow employees to meet the mandatory 40-hour work week and employees will be paid for actual hours worked. There may be weeks when management will authorize overtime hours and employees will be expected to work up to 50 hours (with 10 overtime hours paid as described below).

Pursuant to the 40-hour work week policy, if employees are not able to work additional hours or additional days to meet the 40-hour work week, employees may use accrued PTO hours to maintain their 40-hour work week. If employees do not have accrued PTO hours and do not meet the 40-hour work week, employees will be subject to disciplinary action up to and including termination.

As others depend on you to do their work, you are required to be at work by your designated starting time. We understand that there will be times that you will be unable to get to work on-time. On such occasions, you must notify your supervisor in advance of your shift to advise him/her that you will be late. Tardiness and/or failure to follow this policy may result in disciplinary action up to and including termination.

OFFICE CLOSURE POLICY

Employees should assume that Pure Cycle is open for business during the regular workdays of Monday – Friday unless you are advised otherwise by your supervisor. There may be times when we will delay opening or must close early. You should use common sense and your best judgment when traveling to work in inclement weather. In the event the Company's facilities are to be closed, you will be notified as soon as practical. If the Company is open and you are delayed getting to work or cannot get to work at all because of inclement weather, the absence will be charged to (1) personal days or (2) unpaid time off, in that order. When severe weather develops or is anticipated to develop during the day and a decision is made by the Company to close, you will be compensated through the time we closed, or a minimum of one hour if we determine it best to close before the workday began but you had already arrived at work. If you elect to leave prior to the time the Company closes, you will be required to use PTO in an amount equal to the number of hours between the time you left and the time the office closed.

WORK FROM HOME POLICY

Pure Cycle strives to create a collaborative work environment where employees can work together, bringing their expertise and experiences to problem solving in a professional office environment.

We have a combination of hybrid and traditional work schedules, depending on your role. We certainly understand that there will be times where working from home is necessary. On these occasions, if these days fall outside of your normal WFH schedule, please communicate to your supervisor and Human Resources manager. However, please note that your presence in the office is our expectation.



TIME KEEPING RESPONSIBILITIES

Non-exempt (i.e. hourly employees who are paid for working overtime) employees must accurately record the time they begin and end their work. Employees must also indicate the job or task that the hours should be allocated to each day under the Company's time allocation system. It is the employee's responsibility to upload their time daily in the time allocation system and to ensure it is accurate. The hours must be approved by the assigned supervisor prior to being submitted for payroll processing.

All non-exempt employees must take lunch breaks at least thirty minutes in length in accordance with the FLSA.



OVERTIME

Employees who qualify as administrative, executive, or professional employees within the meaning of the state and federal wage and hour laws are exempt from overtime pay and are not subject to this policy. All non-exempt employees qualify for overtime pay. Qualified employees shall be paid for their actual hours worked in accordance with all legal requirements.

Because of the nature of our business, your job may periodically require overtime work. If the Company requires that you work overtime, we will give you as much advance notice as possible. Overtime hours by a non-exempt employee must be approved in advance by an employee's supervisor. Because unauthorized overtime is against Company policy, employees who work unauthorized overtime are subject to disciplinary action up to and including termination. PTO and holiday hours paid but not worked are not included in calculating overtime. Overtime is based only on actual hours worked as required by law.

Overtime pay is calculated at one and one-half times the employee's regular rate for all hours over twelve hours in one workday or over 40 hours in one workweek. A workweek is defined as Sunday through Saturday. Hours worked in two or more workweeks shall not be averaged for computation of overtime, nor can hours worked one week be carried over to another week for calculation of overtime.

PAY ISSUES

Employees who are exempt from the federal wage and hour law overtime requirements are paid on a salary basis. The Company complies with the salary basis requirements of the FLSA. We prohibit making any improper deductions from the salaries of exempt employees. If you believe that an improper deduction has been made from your salary, you should immediately report this information to your direct supervisor, Human Resources, or the CFO. Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, you will be promptly reimbursed for any improper deduction.



STANDARDS OF CONDUCT AND WORK RULES

ALCOHOL AND CONTROLLED SUBSTANCE ABUSE POLICY

Pure Cycle has a longstanding commitment to provide a safe, quality-oriented, and productive work environment. Alcohol and drug abuse pose a threat to the health and safety of Pure Cycle employees and to the security of the Company's equipment and facilities. For these reasons, Pure Cycle is committed to the elimination of drug and alcohol use and abuse in the workplace.

Using, possessing, buying, selling, manufacturing distributing, dispensing, or transporting alcohol or controlled drugs or substances of any kind on the Company's premises or on Company time is strictly prohibited. Reporting to work under the influence of alcohol or controlled drugs or substances of any kind is strictly prohibited.

The term "controlled drugs or substances" includes prescription drugs. Such drugs are permissible only when issued with a prescription, when a physician has granted permission to use or consume the drugs, and when the physician has verified that an employee can work safely and productively under the influence of such drugs.

Employees are subject to drug testing at the sole discretion of Pure Cycle. Employee testing is mandatory when involved in an accident on the job that damages a company vehicle, machinery, equipment, or property or that result in an injury to themselves or another person requiring medical attention. A circumstance that constitutes probable belief will be presumed to arise in any instance involving a work-related accident or injury in which an employee who was operating a motorized vehicle is found to be responsible for causing the accident. In any of these instances, the investigation and subsequent testing must take place within two hours following the accident, if not sooner. Refusal by an employee will be treated as a positive drug test result and will result in immediate termination of employment. Alternatively, at the Company's discretion, you may be required to complete satisfactorily a drug assistance or rehabilitation program as a condition of continued employment.

Under no circumstances will the employee be allowed to drive himself or herself to the testing facility. A member of management must transport the employee or arrange for a cab and arrange for the employee to be transported home.

ELECTRONIC COMMUNICATIONS, DATA, AND COMPUTERS

Pure Cycle maintains appropriate telecommunications systems, computer hardware, email software and Internet access to assist in conducting the Company's business.

In general, you are permitted to use these systems on a limited basis for personal matters (for example: drafting letters and emails, tracking personal finances, blogging, social networking), as long as your personal use does not violate any of Pure Cycle's policies, reduce productivity, result in the installation of software, or store a large quantity of personal data on the device.

These systems are Pure Cycle's property. Email, text messages, internet-based storage, or collaboration systems (for example: sharepoint, onenote, onedrive, and dropbox) are not private, nor is any other activity conducted using the Company systems.



Pure Cycle reserves the right to review, audit, intercept, access and disclose within Pure Cycle or to law enforcement or other third parties any activity or stored data, including communications (including text and images) undertaken, created, received, or sent over the telecommunications system, email or Internet system, for any purpose without the prior consent or knowledge of the user, sender, or receiver.



Messages distributed over Pure Cycle email addresses should be related to the business of the Company. Appropriate distribution lists should be used based on the content of the message.

These systems may not be used to (1) solicit or advocate for commercial ventures, religious or political causes, outside organizations, or other non-job related solicitations; (2) create or distribute any offensive or disruptive messages; (3) send (upload) or receive (download) Company materials, maps or data, proprietary financial information, or similar material without prior authorization; or (4) purposefully destroy electronic information in violation of this code.



These rules apply to communications and messages sent to internal Pure Cycle recipients and external, non-Pure Cycle recipients, as well as for social networking and blogging activities carried out using any of the Company's communications systems.

To maintain individual accountability for activities associated with a network or other access account, you should not disclose or share your network account or other account passwords with any other person or store your authentication credentials or passwords unencrypted on any electronic devices.

DRESS CODE AND PUBLIC IMAGE

The current company dress code is Business Casual in the office and appropriate Safety Attire for the field, including when necessary Personal Protective Equipment (PPE). As always, please use common sense in your choice of business attire. Attention should be paid to safety, company image, and customer interaction. Your supervisor will explain the proper dress requirements for your position if there are any questions about your attire.

A positive and respectful attitude is essential to our commitment to extraordinary customer service and exceptional quality.

COMPANY VEHICLES

Company vehicles are only to be used for company business. Occasional local use, or passengers other than Pure Cycle employees, is prohibited without the express authorization of your supervisor. Any other personal use of a company vehicle, including travel outside the company working area, is strictly prohibited and subject to disciplinary action, up to and including termination. Employees are to keep company vehicles clean and up to date with service.

Violation of traffic or parking regulations while using company vehicles must be reported to the Company immediately and any such fine or offense is the responsibility of the employee. Failure to report violations or report any type of accident involving a company vehicle is subject to disciplinary action, up to and including termination.



WE ARE COMMITTED TO OUR CUSTOMERS

PURE WATER FROM ITS SOURCE TO OUR CUSTOMERS

Pure Cycle is a vertically integrated water and wastewater service provider with a mission to deliver safe, great tasting, pure water from its source to municipalities and businesses with a focus on our customers and conserving our planet's most valuable resource. In addition to our wholesale water utilities business, we also own and are developing approximately 1,000 acres of prime land in Denver's fast-growing Interstate 70 corridor, called Sky Ranch.

True to our name, Pure Cycle is analogous to the water cycle where nature reuses Earth's most precious resource. Our corporate mantra is to do more with every drop.

As an employee of Pure Cycle your actions should demonstrate our Core Values and help us to fulfill our mission and vision. When interacting with Pure Cycle's customers, you are the face of the Company.

WE ARE COMMITTED TO OUR STOCKHOLDERS

MISSION

Our mission is to deliver safe, pure, great tasting water from its source to our customers.

VISION

Do more with every drop, using and reusing our water supplies through extinction.



VALUES



CONSERVATION

We live in a semi-arid, water-scarce climate, thus using and reusing our water is necessary. Protecting our valuable water supplies and fully using these supplies helps to extend the use of water and ease the water shortage problem our state faces with its growing population.



CUSTOMER SERVICE

We seek to serve our customers with the highest of professional standards. We continually seek to understand the needs of those who depend on us (municipalities, businesses, and our fellow team members and water partners) and then exceed their expectations.



RELATED BUSINESS ACTIVITIES AND GROWTH

We welcome related business ventures and acquisition opportunities that will serve the people and businesses in Colorado when those activities strengthen our position as a leading provider of water and wastewater service in Colorado and beyond.



INVESTOR RETURNS

Our shareholders demand good stewardship of invested capital. Pure Cycle takes this responsibility very seriously and seeks to invest that capital into valuable assets which can generate returns for our shareholders. We make every business decision first with our customers in mind, then with the intent to provide earnest returns that will reward our investors.

PROTECTION OF ASSETS

We are each responsible for the proper use, conservation, and protection of Pure Cycle's assets. Pure Cycle's assets include tangible items (such as water treatment facilities, office facilities, tools, vehicles, equipment, records, and furniture) and nontangible items (such as information). Theft, carelessness, and waste directly affect Pure Cycle's customer service and corporate performance. Pure Cycle assets should only be used for legitimate business purposes, although incidental personal use of some assets (such as computers and phones) may be permitted in limited circumstances upon supervisor approval.

PURE CYCLE CUSTOMER SERVICE AND CORPORATE REPUTATION

To maintain Pure Cycle's customer service and corporate reputation, and to ensure that any information disclosed is both consistent and accurate, only the President may communicate on behalf of Pure Cycle with the media, outside analysts, and government agencies. Please refer all requests from the media, banks, rating agencies, and analysts to the President.

We must also be aware that when we communicate outside of Pure Cycle in any forum where we are known to be affiliated with Pure Cycle, our communications can reflect on and affect Pure Cycle. This includes any communications, regardless of the form of media involved, including participating in a television or radio interview, submitting a letter to an editor, commenting in an online chat room or bulletin board, blogging, social networking, and sending an email from our Pure Cycle email accounts. Company communication tools should not be used as a platform for expressing personal opinions publicly.



CONFIDENTIALITY AND PROPRIETARY INFORMATION

We must maintain the confidentiality of information that Pure Cycle entrusts to us.

Treat all Pure Cycle information you possess as confidential unless it has been publicly disclosed.

Confidential information includes all information that is not generally known to or accessible by the public. The Company's confidential information includes all nonpublic information that might be of use to our competitors or that might be harmful to Pure Cycle or others with whom we do business, if disclosed. Pure Cycle owns our work products. Documents, papers, records, maps, analysis, or other tangible items that contain trade secrets, proprietary or other confidential information are the Company's property. The obligation to preserve confidentiality applies during and after the termination of your employment, whether voluntary or involuntary.

Examples of confidential information includes, but are not limited to:

- all information observations and data regarding or relating to the Company
- the names, addresses, desires, or needs of the Company's customers
- the bounds of the Company's markets or potential markets
- the prices charged for its services or products
- information concerning property or product development
- designs, processes, research and development projects, formulas inventions and compilations of such information
- records or specifications
- information concerning future product or market developments
- financial information before its issuance
- information regarding suppliers and costs of materials and other supplies
- financing programs
- water tap fees; and overhead, distribution and other expense

INSIDER TRADING

Federal and state securities laws and regulations prohibit a person to trade in a company's securities while in possession of "Material, Non-Public" information relating to that company. This conduct is referred to as "insider trading" and may result in civil and/or criminal penalties. Civil damages may include disgorgement of illicit profits and fines of up to three times the profit gained, or loss avoided. Criminal penalties of up to \$1 million, and 10 years imprisonment per violation may be imposed.

The materiality of information depends upon the circumstances. Information is considered "material" if there is a substantial likelihood that a reasonable investor would consider it important in deciding to buy, sell or hold a security or where the information is likely to affect the market price of the security.



Information is deemed to be “nonpublic” information unless it has been released for public access, for example, through:

- public filing with a securities regulatory authority
- the publication of a prospectus
- the publication of a press release
- disclosure of the information in a national or broadly disseminated TV, radio or print news service; or
- the issuance of a proxy statement

The above list is only illustrative; many other types of information may be considered “material,” depending on circumstances.

In addition, even after the Company has publicly announced material information, a reasonable period of time must elapse in order for the market to react to the information. Employees may not trade on publicly announced material information until two full trading days after an announcement.

CONFLICTS OF INTEREST

We prohibit conducting business when a conflict of interest exists. A “conflict of interest” is any circumstance that impairs your ability to act with complete objectivity regarding Pure Cycle interests. Relationships, including business, financial, social, personal, and family, may give rise to conflicts of interest or the appearance of a conflict.



If you become aware of a conflict or potential conflict, promptly disclose it to your supervisor who will document the circumstances and report them to our Compliance Officer. In some situations, you may disclose the conflict or potential conflict to Human Resources, who will document and report the outcome to our Compliance Officer. It is crucial that you provide accurate, complete, and timely responses to any periodic inquiries regarding the existence of actual or potential conflicts of interest.

GIFTS AND ENTERTAINMENT

Gifts, favors, or entertainment should not be accepted other than those considered common business courtesies and for which you would reasonably expect to reciprocate or give something similar in return in the normal course of business.

For example, the following types of gifts, favors, and entertainment are not of nominal or modest value and are the kinds of items that may only be accepted if approved by your supervisor. These include:

- tickets to special events, such as a college or professional sports playoff or championship game or major golf tournament
- any gift or entertainment in which air travel or overnight accommodations would be provided as part of the gift; or
- invitations to events extending over a period of more than one day

Any supervisor or manager who approves acceptance of gifts, favors, or entertainment that are not of nominal or modest value should document and retain the approval.



OUTSIDE EMPLOYMENT AND DIRECTORSHIPS

You may not operate a business, have additional employment, or serve in a leadership role, such as a director or trustee, in any outside organization, including charitable and philanthropic organizations if such activity:

- reduces your work productivity
- interferes with your ability to act in Pure Cycle's best interests
- requires you to use Pure Cycle's confidential or proprietary information; or
- requires you to use Pure Cycle's property or resources

You should obtain your supervisor's written approval before accepting any outside employment or leadership role in any outside organization.



APPENDIX

PURE CYCLE EMPLOYEE HANDBOOK

ACKNOWLEDGEMENT OF RECEIPT

- I HAVE RECEIVED A COPY OF THE Pure Cycle EMPLOYEE HANDBOOK, INCLUDING ALL APPLICABLE POLICIES AND PROCEDURES INCLUDED HEREIN.
- I UNDERSTAND THAT I AM TO BECOME FAMILIAR WITH ITS CONTENTS AS IT OUTLINES RESPONSIBILITIES, BENEFITS AND COMPANY GUIDELINES.
- I FURTHER UNDERSTAND THAT MY EMPLOYMENT IS TERMINABLE AT WILL, SO BOTH THE COMPANY AND I REMAIN FREE TO END THE WORK RELATIONSHIP AT ANY TIME, FOR ANY REASON OR NO REASON, WITH OR WITHOUT CAUSE, WARNING, OR NOTICE.
- I ALSO UNDERSTAND THIS HANDBOOK REPRESENTS BRIEF SUMMARIES OF COMPANY GUIDELINES, WHICH ARE SUBJECT TO CHANGE IN THE COMPANY'S SOLE DISCRETION WITHOUT PRIOR NOTICE. THIS HANDBOOK IS NOT INTENDED TO BE ALL-INCLUSIVE.
- FINALLY, I UNDERSTAND THAT NOTHING IN THIS HANDBOOK CREATES AN EXPRESS OR IMPLIED CONTRACT OR GUARANTEE OF EMPLOYMENT BETWEEN THE COMPANY AND ME CONCERNING THE DURATION, TERMS, OR CONDITIONS OF MY EMPLOYMENT WITH THE COMPANY. ANY CONTRACT MUST BE SIGNED BY BOTH MYSELF AND THE PRESIDENT OF Pure Cycle.

Employee Signature

Date

Printed Name

