

# HostedRecords<sup>Inc.</sup>

## EMPLOYEE HANDBOOK January 2016

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Welcome to HOSTED RECORDS INC. ("HOSTED RECORDS"). Thank you for joining us. We want you to feel that your association with HOSTED RECORDS will be a pleasant one. You have joined an organization that has established an outstanding reputation for quality services. Credit for this goes to every one of our employees. We hope you will find satisfaction, and take pride, in your work.

This Employee Handbook provides answers to most of the questions you may have about HOSTED RECORDS, including the benefit program, Company policy and procedures, and our mutual responsibilities. If anything is unclear, please discuss the matter with your supervisor or Human Resources.

You are responsible for reading and understanding this Employee Handbook. In addition to clarifying responsibilities, we hope this Employee Handbook also gives you an indication of HOSTED RECORDS's interest in the welfare of all our employees. We ask that you continue to keep these key points in mind during your employment with us:

- Uphold HOSTED RECORDS's core values of honor, integrity and commitment to our customers.
- Listen to our customers and be accountable for meeting their needs with quality solutions.
- Value and respect each other.
- Communicate openly and honestly.
- Empower people and teams with responsibility and assign authority.
- Innovate and improve continuously.
- Never compromise our core values.

From time to time, the information included in this Employee Handbook may change. Every effort will be made to keep you informed, including postings on the Company bulletin board and/or notices included with your payroll check.

Please review and retain this Employee Handbook as HOSTED RECORDS is committed to doing its part to assure our employees have a satisfying work experience.

We extend to you our personal best wishes for your success at HOSTED RECORDS.

Sincerely,

Yazmin Zurita  
CEO  
Hosted Records Inc.

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## DISCLAIMER

The Company will continually review our policies and guidelines to ensure compliance with changes in applicable laws, regulations, and economic conditions. We are also constantly looking for ways to improve our employee's *quality of work life*, and will make appropriate changes from time to time, to enhance your employment experience.

This Employee Handbook supersedes all previous handbooks issued by the Company. In addition, this handbook supersedes all prior management memos to the extent that such memos contradict a subject or policy covered herein. This Employee Handbook is current as of the date listed on the title page of this document. This handbook can be unilaterally changed as the Company deems appropriate, at its sole discretion, at any time. The Company employees will be informed of any changes in a timely manner through any one or more of the following means: email, mail, corporate intranet posting, or internal office memorandum. Changes will be effective on dates determined by the Company, and you may not rely on policies that have been superseded. In cases of conflict, the official documents and revised policies in effect at the time in question will prevail. No supervisor or manager has any authority to alter the foregoing.

This manual does not create substantive rights for employees nor change the "at-will" employment status of employees. Either party may terminate the employment relationship, at any time, and, for any lawful reason.

This Handbook and its contents are considered Company proprietary information and should not be disclosed to third parties, in whole or in part, without written consent from a Company executive.

HOSTED RECORDS operates this business and employs personnel in multiple states wherein this Handbook might not address all of state specific laws differences. The provisions on this Employee Handbook are subject to federal state and local laws.

## **A. HUMAN RESOURCES**

The Human Resources (HR) Department provides services to employees, employee relations, supports supervisors and managers and seeks to help maintain a pleasant working environment.

Human Resources can help you understand Company services, benefits, personnel policies, and administrative procedures. Other HR services include employee benefits administration, performance and compensation management, and general administrative assistance.

Hosted Records also complies with the Service Control Act (SCA) for contracts that adhere to SCA and the regulations of the Secretary of Labor (29 CFR Part 4).

### **CONTACT INFORMATION**

Human Resources is located at the Company's headquarters. The HR phone number is (866) 658-7763. They may also be reached by email at: [lzurita@hostedrecords.net](mailto:lzurita@hostedrecords.net).

This handbook has been developed to address some of the questions you may have concerning your employment and the policies of the Company. Please read it thoroughly and retain it for future reference.

### **YOUR SUPERVISOR IS YOUR COACH**

When you have a concern about your job, work relationships, or your desire to seek new opportunities, talk with your immediate supervisor. Taking time to work with you is an integral part of your supervisor's responsibility. If there are problems that your supervisor cannot resolve, your matter will be referred to the appropriate department head for additional assistance.

### **DEFINITIONS**

“Employee” as used throughout this handbook, refers to employees of HOSTED RECORDS.

“Employment” means your employment with HOSTED RECORDS.

The “Company” is HOSTED RECORDS.

The term “Client or Customer” means the separate business or government entity that enters into a contractual relationship with the Company to provide services or products.

“On-site supervisor” means a HOSTED RECORDS designated contact at a location in which HOSTED RECORDS is providing services. The on-site supervisor may, at his discretion, delegate responsibilities contained in these policies to other supervisory personnel.

This handbook is not a contract guaranteeing employment for any specific duration. Both you and the Company have the right to terminate your employment at any time. No supervisor, manager or representative of the Company, other than the President, or CEO, has the authority to enter into any agreement for employment for any specified period or to make any promises or commitments contrary to the foregoing. Any employment agreement entered into by the President or CEO shall not be enforceable unless it is in writing and signed by both parties.

This Handbook was written expressly for HOSTED RECORDS employees. Except where noted, all employees the Company are subject to the policies and procedures described herein.

## **USE OF MASCULINE PRONOUN**

In drafting this Employee Handbook, we have avoided the use of specific gender pronouns wherever possible. However, where such avoidance would have led to very awkward sentences, we have used the masculine pronoun. The use of the masculine pronoun should be considered to refer to both genders.

## **EXPECTATIONS**

Your first responsibility is to fully understand and your job duties and responsibilities and how to accomplish them promptly, correctly, pleasantly, and professionally. Secondly, you are expected to cooperate with everyone and maintain a good team attitude. How you interact with fellow employees and with those the Company serves and how you accept directions can affect the success of your team. In turn, performance of one team can have an impact on the entire spectrum of services offered by the Company. Consequently, you have an important assignment, regardless of your position: to perform every task to the very best of your ability. The results will be better performance for the Company and personal satisfaction for you.

You are encouraged to grasp opportunities for personal development that may be available to you. This handbook offers insight on how you can positively perform the best of your ability in order to meet and exceed the Company's expectations.

We strongly believe you should have direct access to the management team. We are dedicated to making HOSTED RECORDS a Company where you can approach your supervisor to discuss problems or questions anytime. We welcome employees to voice their opinions and provide suggestions to help improve the Company's mission and objectives. We welcome any ideas, suggestions or feedback. You may communicate directly with your supervisor or submit written statement with to our Human Resources department for consideration. Our employees help to create a healthy, safe, and pleasant working environment. The dignity of every employee, as well as our customers' is extremely important. HOSTED RECORDS needs your help in making every working day enjoyable and rewarding.

## **VISION**

HOSTED RECORDS Science and Technology Corporation achieves excellence as a preferred market leader and professionally certified provider of Management Support, Information Technology, and Cybersecurity services and solutions in order to broaden customer base and increase organizational value.

## **MISSION**

HOSTED RECORDS Science and Technology Corporation provides innovative, high quality, technologically advanced and cost effective solutions to our clients to achieve their goals by understanding client requirements, employing highly qualified and motivated people, and assuring performance that adds maximum value to our clients' operations, their skills and capabilities, and ability to support their vital needs.

## **QUALITY**

It is a guiding principle of the Company that there should be no compromise where quality is concerned. Each employee is responsible for the quality of his work, and each supervisor is responsible for the quality of all work performed under their purview. Our quality policy is straightforward: "Customer satisfaction through process driven execution and continuous improvement." This quality policy statement should be used daily by every employee to ensure the highest level of customer satisfaction.

## **B. EMPLOYMENT POLICIES**

### **EQUAL EMPLOYMENT OPPORTUNITY POLICY**

The Company complies with applicable Federal, state, and local laws governing nondiscrimination and harassment on the basis of race, color, religion, gender, sexual orientation, national origin, citizenship status, physical disability, mental disability, age, veteran status, marital status, height, or weight. This policy is applied to all terms and conditions of employment, including, but not limited to, hiring, placement, promotion, termination, layoff, recall, transfer, leave of absence, compensation, and training.

### **AMERICANS WITH DISABILITIES ACT (ADA)**

The Americans with Disabilities Act (ADA) requires an employer to make reasonable accommodations for qualified applicant or employee with disabilities, if it would not impose undue hardship. A reasonable accommodation is any change in the work environment or in the way a job is performed that enables a person with a disability to enjoy equal employment opportunities. The term disability is defined as a physical or mental impairment that substantially limits one or more major life activities. Undue hardship is defined as an action requiring significant difficulty or expense when considered in light of factors.

Please inform your supervisor and/or contact Human Resources if you require an accommodation. If there is a need for an adjustment or change at work for a reason related to a medical condition we will attend to the situation immediately and will make every effort to accommodate the needs of all qualified employees.

### **WHISTLEBLOWER POLICY**

If any employee reasonably believes that some policies, practices, or activities of the Company are improper, illegal, or in violation of law, employees must contact a supervisor or Human Resources Director and submit a written complaint to address the allegations. The complaint may be addressed to the Human Resources Director, the CEO, or the President.

The Company is committed to complying with the appropriate laws and regulations that apply to the organization. An employee is protected from retaliation if the employee brings the alleged unlawful activity, policy, or practice to the attention of the appropriate management personnel, and provides the Company with a reasonable opportunity to investigate and correct the alleged unlawful activity. An employee who files a false report of wrongdoing will be subject to disciplinary action up to and including termination.

### **EMPLOYMENT CLASSIFICATIONS**

For purposes of salary administration and eligibility for overtime payments and employment benefits, the Company classifies its employees as follows:

**Full-time Regular Employee** – Employees hired to work the Company’s normal, full time, 30-40 hours per week on a regular basis. Full-time employees and full time equivalent employees are eligible for fringe benefits. Such employees may be “exempt” or “nonexempt” as defined by the Fair Labor Standards Act.

**Part-time Regular Employee** – Employees hired to work less than 30 hours per week on a regular basis. Part-time employees may be eligible for some fringe benefits. Such employees may be classified as

“exempt” or “non-exempt” as defined by the Fair Labor Standards Act.

**Temporary Employees** – Employees hired to work full time or part time for short periods of time with the understanding that their employment will be dependent upon the completion of a specific assignment. (This type of employee may be offered, and may accept, a new temporary assignment with the Company and still retain temporary status). Such employees may be “exempt” or “non- exempt” as defined below.

Temporary employees are generally not eligible for fringe benefits. (Note that employees hired from temporary employment agencies for specific assignments are employees of the respective agency and not of the Company).

**Non-exempt Employees** – Employees who are required to be paid minimum wage and overtime at the deferral or state prescribed wage rate, whichever is higher.

**Exempt Employees** – Employees who are not required to be paid minimum wage and overtime, in accordance with applicable federal wage and hour laws, for work performed beyond forty hours in a workweek. Executives, professional employees, outside sales representatives, certain computer programmers and employees in some administrative positions are typically exempt. Overtime may be paid on an “equivalent to” straight time rate in order to meet unusual needs on a case-by-case basis.

## **PERSONNEL RECORDS**

The Company maintains all employee personnel files in the Human Resources office. Privacy data is kept confidential. If you are interested in reviewing your file, contact your supervisor or email [lzurita@hostedrecords.net](mailto:lzurita@hostedrecords.net) to make arrangements.

To ensure that your personnel file is up-to-date at all times, notify Human Resources of any changes in your demographics information such as name, telephone number, home address, marital status, number of dependents, beneficiary designations, scholastic achievements, or the individuals to notify in case of an emergency. A completed Employee Action Notice (EAN) is required to change an employee’s information.

## **EMPLOYMENT REFERENCES**

All employment verification or reference requests on current or former employees are to be referred to the Company’s Human Resources Department. It is the Company’s policy to disclose limited information when providing references. Specifically, the Company will provide only the employee’s last job title and dates of employment. All other requests for additional information on current or former employees are to be referred only to the Human Resources personnel and/or Facility Security Officer, who will consider and respond to the request.

Requests for employment verification that requires salary information to be disclosed will be solely handled by Human Resources personnel. Such information will only be provided if the employee has executed a release. No employee (except within Human Resources) may provide a (current or postemployment) reference for another employee.

## **EMPLOYMENT OF RELATIVES**

The Company permits the employment of qualified relatives of employees so long as such employment does not, in the opinion of the Company, create actual or perceived conflicts of interest. For purposes of this policy, a “relative” is defined as a spouse, child, parent, sibling, grandparent, grandchild, aunt, uncle, first cousin, or corresponding in-law or “step” relation. The Company

will exercise sound business judgment in the placement of related employees in accordance with the following guidelines:

Individuals who are related by blood or marriage are permitted to work in the same Company facility provided no direct reporting or supervisor/ management relationship exists.

No employee is permitted to work within the “chain of command” of a relative such that one relative’s work responsibilities, salary, or career progress could be influenced by the other relative.

No relatives are permitted to work in the same department or in any other positions in which the Company believes an inherit conflict of interest may exist.

This policy applies to all categories of employment at the Company, including regular, temporary and part-time classifications.

### **OUTSIDE EMPLOYMENT**

Employees are encouraged not to, but they may hold outside jobs so long as they meet the performance standards of their job with the Company. All employees will be judged by the same performance standards and will be subject to scheduling demands, regardless of any existing outside work requirements. The employee must notify his supervisor in advance of the proposed outside work.

If it is determined that an employee’s outside work conflicts or interferes with performance, safety or the ability to meet the requirements of the Company, the employee may be asked to terminate the outside employment if he desires to remain with the Company.

Outside employment that constitutes a conflict of interest is prohibited. Employees also may not receive any income or material gain from individuals outside the Company for materials produced or services rendered while performing their jobs with the Company.

### **SALARY AND SALARY ADJUSTMENT**

All Company compensation programs share a key component– to reflect the Company’s emphasis on providing competitive compensation package for job performance and your contributions to the Company’s strategic business objectives. Your compensation may also reflect factors such as the depth and breadth of your experience, your role and level of responsibility within the Company, skills and capabilities, relevant internal and external references, budgets, applicable laws, and employee’s potential to take on future responsibilities.

You should meet with your manager or supervisor periodically to discuss your performance and determine the Company’s expectations of your role. These discussions can help your professional development and can give you the opportunity to become a key contributor. Your starting salary is identified in your offer letter and reviewed annually. Individual salary adjustment may be given depending on factors include the compensation program applicable to you, your role and level of responsibility within the Company, your ability to take on additional responsibility, your skills and capabilities, your current compensation, individual and Company performance, internal equity, and the external labor market. Decisions regarding pay increases and the frequency and amount of any increases are within the Company’s sole discretion.

### **EMPLOYEE RECOGNITION**

The Company’s objective is to motivate high performance and increase employee morale by recognizing employee’s achievements through our employee recognition program. The Company provides immediate recognition through “Spot Awards”, annual awards, and performance based awards to recognize high performers.

## **PERFORMANCE EVALUATIONS**

You will be evaluated with respect to the job that you are performing for the Company. As you demonstrate the ability to take on additional responsibilities, your talents will be utilized in the manner deemed most suitable to the needs of the Company.

A written performance evaluation of each employee will be performed annually (usually at the employee's anniversary date). The performance appraisal will be conducted by your supervisor and will be reviewed with you. Any areas of specific achievement or need for improvement, will be noted and discussed with you. In addition, periodical formal and informal performance-related feedback will be conducted by your supervisor. Salary adjustments may also be reviewed at the time of the employee's annual review.

## **ADVANCEMENT AND PROMOTION**

The Company's goal is to promote employees from within the current workforce whenever possible. Once a vacancy is established, you may apply for the job if you feel you are qualified.

In making promotions decisions, the demonstrated ability and overall qualifications of the applicant will be considered. The final decision on applicants will be based upon the overall qualification of the applicant and the recommendation of the applicant's department manager.

It is possible that an opening will occur that requires specialized skills and/or talents that do not currently exist within the Company. In such cases, the Company will seek qualified applicants from outside the present workforce.

## **SEPARATION FROM EMPLOYMENT**

An employee may be separated from employment voluntarily or involuntarily by retirement, resignation, lack of work, or termination at will.

## **TERMS OF EMPLOYMENT (AT-WILL AGREEMENT)**

Your continuing employment with the Company is at the mutual consent of each employee and the Company. Accordingly, while the Company has every hope that employment relationships will be mutually beneficial and rewarding. Employees and the Company retain the right to terminate the employment relationship at will, at any time, with or without cause. No person other than the President of the Company by written agreement has the right to enter into an expressed or implied agreement on any other basis. Accordingly, this constitutes a final and fully binding integrated agreement with respect to the at-will nature of the employment relationship.

## **RESIGNATION**

Any employee who voluntarily resigns is expected to provide the Company with advance written notice of no less than two weeks as is customarily done as a business courtesy. Failure to provide such notice may result in the employee not being eligible for rehire.

## **LAYOFF DUE TO LACK OF WORK**

The Company attempts to maintain a stable work force, however, business conditions sometimes change to a point that there is not enough work to keep all employees on the payroll. Should such a situation occur, the workforce might be reduced or "layoff" a number of employees over and above those needed to perform the available work. Layoffs will be determined by the ability of the affected employees to adequately perform the available work with minimum training. Length of service and non-medically related absences or tardiness may also be considered.

If applicable, the Company will comply with the federal WARN act, which requires layoff notification when the layoff exceeds a minimum number of employees.

**TERMINATION**

As an at-will employer, the Company reserves the right to terminate employment at any time for any reason of no reason at all, with or without advance notice. Additionally, the Company may terminate employment of an employee due to performance issues or as a final step in a disciplinary process. Disciplinary procedures may include, but are not limited to, verbal counseling, written warnings, suspension and termination. All disciplinary action will be taken by the Company at its sole discretion and will depend on the nature and seriousness of the performance problem or misconduct.

**EXIT INTERVIEWS**

Human Resources will conduct an exit interview to discuss your reasons for leaving employment and provide a forum for departing employees to express any feedback about the Company or their employment.

**RETURN OF COMPANY AND/OR CUSTOMER PROPERTY**

Any Company and or Customer property issued to you, such as software, computer equipment, databases, files, pages, keys, parking passes, Company credit card or other items must be returned at the time of your termination. You will be responsible for any lost damaged items. The value of any property issued and not returned may be deducted from your final paycheck, and you may be required to sign a wage deduction authorization form for this purpose.

## C. EMPLOYEE BENEFITS AND SERVICES

### HOLIDAYS

Regular full-time employees are eligible for paid holidays during each calendar year. To receive holiday pay, the employee must work the regularly scheduled workday before and after the holiday, unless an exception is approved in writing by the Company supervisor, or the employee is on scheduled PTO (Paid time off). A paid holiday does not count as a day worked in calculating overtime for the week.

The Company observes ten holidays each year:

- New Year's Day
- Martin Luther King, Jr. Day
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Columbus Day
- Veterans Day
- Thanksgiving Day
- Christmas Day

“Ad-hoc” federal holidays designated by the President of United States are handled on a case-by-case basis. Your on-site supervisor will provide you with proper instructions for handling ad-hoc federal holidays.

Please note that employees on some commercial contracts may have a different holiday schedule.

### PAID TIME OFF (PTO)

Paid Time Off (PTO) is provided by the Company for employees to use to take time off from work for any reason such as, vacation, illness or injury, medical or dental appointments, or other personal business. Only full-time, regular employees are eligible for the PTO benefit. PTO is accrued semimonthly every full pay period.

Eligible employees will begin accruing PTO on the first full pay period worked after 1 year of service. No accrual will be granted for partial pay period. PTO is granted for full time employees working at least 40 hours per week and a prorated PTO schedule is granted for full time employees working at least 30 hours per week.

<b>Length of Service</b>	<b>Accrual/Per Pay Period</b>	<b>Days Accrued/Year</b>
1-5 years	5.00 hours	15 days >
5-10 years	6.67 hours	20 days >
10 years	8.33 hours	25 days

A full time employee (40 hours/week) will accrue half of their regular PTO rate for approved, unpaid leave of absence of up to 32 hours within a pay period. There will be no PTO accrual for any type of unpaid leave beyond 32 hours. A full time equivalent (FTE) employee (30 hours/week) will accrue half of their regular PTO rate for approved, unpaid leave of absence of up to 18 hours within a pay period.

The maximum number of hours that may be carried over in the beginning of a new calendar year (January 1st) is zero (0). Employees will be given sufficient opportunity to schedule their PTO to avoid having any unused PTO at the end of the year. Unused PTO in excess of 120 hours at the end of each calendar year may be paid out to the employee at the discretion of the Company.

Employees should provide their supervisors as much as notice as possible when scheduling PTO time. If there are conflicting dates, preference will be given to the employee who has the most seniority. A more junior employee who already had an approved PTO date will not, however, be bumped by a more senior employee. PTO requests must be submitted through our timekeeping system, email, or other communication, as early as possible with the on-site supervisor's approval prior to PTO usage.

If planned PTO has to be canceled due to the needs of the client or the Company, and an employee is unable to reschedule the PTO within the anniversary year, HOSTED RECORDS reserves the option of paying the employee in lieu of taking the canceled PTO or to allow rescheduling of that PTO.

If you leave the Company and return to employment with the Company within a year, your PTO accrual rate will be based on your original hire date. If your break in service is greater than one year, your accrual will be based on your rehire date.

If an employee leaves employment with the Company, he will be paid for accrued but unused PTO computed at the rate of pay earned upon separation. Any negative balance of PTO upon separation will be deducted from the employee's final paycheck. PTO payout will be processed on the regular scheduled pay cycle. PTO days do not count as hours worked for purposes of calculating overtime hours.

#### **HEALTHCARE INSURANCE**

The Company offers various healthcare insurance plan options which include medical plans, dental, vision, and prescription drug plan(s). All full time employees and full time equivalent employees who work at least 30 hours per week eligible to enroll in the plans, including any additional eligibility requirements under the Health Care Reform provisions. Plan details on the premium costs, deductibles, and coverage associated with the Company's healthcare plans are available in Human Resources and accessible via the online benefits portal.

#### **401(k) PLAN**

The Company offers a Retirement Savings Account (401K Plan) to all active, full-time employees. The 401(k) plan helps employees save money for future financial security during retirement using pretax payroll deductions. Participants may choose from a wide range of investment options. The selection and allocation of funds is your responsibility. The Company does not provide financial advice. The details of the 401(k) Plan are available from Human Resources.

#### **WORKERS' COMPENSATION INSURANCE**

To provide for payment of employee medical expenses and for partial salary continuation in the event of work related accident or illness, employees are covered by workers' compensation insurance provided by the Company.

The amount of benefits payable and the duration of payment depend upon the nature of the employee's injury or illness. All medical expenses incurred in connection with an on-the-job injury or illness and partial salary payments are paid in accordance with applicable state law.

If an employee is injured or becomes ill on the job, the employee must immediately report such injury or illness to the on-site supervisor. This ensures that Company can help obtain appropriate medical treatment. An employee's failure to follow this procedure may result in the appropriate workers'

compensation report not being filed timely in accordance with the law, which may delay benefits in connection with the injury or illness. Questions regarding workers' compensation insurance should be directed to the on-site supervisor or the Human Resources Department.

## **EMPLOYEE TRAINING/CERTIFICATIONS**

The Company encourages professional growth through training. If you are interested in seeking training that will support your role at the Company, you should discuss with your supervisor the opportunity and its value to you and the Company. The Company will only reimburse courses that have been pre-approved by a department head as "work-related." To be eligible for reimbursement, you must complete an authorization form and provide your supervisor with a proof of completion stating that you have attended and successfully completed the course. The Company executive management may authorize payment for individual training courses at its sole discretion. Training and Certification programs may be tied to the employee's development plan or annual goals.

### **Repayment of Reimbursement**

Employees who terminate their employment at the Company within one year of receiving training or educational reimbursement are required to repay the Company in full for the amount of the educational reimbursement received. The Company may deduct the reimbursement from an employee's last paycheck.

## **EDUCATIONAL LEAVE OF ABSENCE**

Employees who want to continue their education in preparation for added responsibilities with the Company may be granted an education leave of absence.

Requests for a leave of absence or any extension of a leave should be submitted in writing to the employee's supervisor 30 days prior to commencement of the leave period, or as soon as practicable. The supervisor will forward the request to the appropriate manager recommending approval or denial. Management will make the final decision concerning the request. All employees on approved leave are expected to report any change of status in their need for leave or their intention to return to work to their supervisor.

Employees on educational leave will be required to use all accrued personal and vacation days while on leave before going unpaid. The Company will continue health insurance and other benefits to employees on leave for no longer than 12 weeks from the beginning date of leave so long as the employee continues to pay any employee portion of the contribution. Benefits that accrue according to the length of service, such as PTO or holidays do not accrue during the periods of leave.

Employees on an authorized educational leave of absence may not perform work for any other employer that is considered by the Company to be an actual or potential conflict of interest.

It is possible that an employee returning from an educational leave of absence may not be returned to the same job position that they held before taking leave. If an employee fails to return to work at the conclusion of an approved leave of absence, including any extension of the leave time, they employee will be considered to have voluntarily terminated employment with the Company.

## **PUBLIC SERVICE LEAVE OF ABSENCE**

Employees who want to accept temporary employment in federal, state, or local government or with an organization devoted to community service may be granted a leave of absence.

Requests for a leave of absence or any extension of a leave should be submitted in writing to the employee's supervisor 30 days prior to commencement of the leave period, or as soon as practicable. The supervisor will forward the request to the appropriate manager recommending approval or denial. Management will make the final decision concerning the request.

All employees on approved leave are expected to report any change of status in their need for leave or their intention to return to work to their supervisor.

Employees on public service leave will be required to use all accrued personal and vacation days while on leave before going unpaid. The Company will continue health insurance and other benefits to employees on approved leave for no longer than 12 weeks from the beginning date of leave so long as the employee continues to pay any employee portion of the contribution. Benefits that accrue according to length of service, such as PTO or holidays do not accrue during periods of leave.

Employees on an authorized public service leave of absence may not perform work for any other employer that is considered by the Company to be an actual or potential conflict of interest.

It is possible that an employee returning from a public service leave of absence may not be returned to the same job position that they held before taking leave. If an employee fails to return to work at the conclusion of an approved leave of absence, including any extension of the leave time, they employee will be considered to have voluntarily terminated employment with the Company.

## **D. EMPLOYEE CONDUCT**

### **ANTI-HARASSMENT POLICY**

It is the policy of the Company to maintain a working environment that encourages mutual respect, promotes respectful and congenial relationships between employees, and is free from all forms of harassment by anyone, including supervisors, co-workers, vendors, or customers. Harassment, even when not unlawful or directed at a protected category, is expressly prohibited and will not be tolerated by the Company. Accordingly, the Company is committed to vigorously address complaints of harassment and sexual harassment at all levels.

Reported or suspected occurrences of harassment will be promptly and thoroughly investigated. Following an investigation, the Company will immediately take any necessary and appropriate disciplinary action.

The Company will not permit or condone any acts of retaliation against anyone who files harassment complaints or cooperates in the investigation of same.

The term “harassment” includes harassment based on the any category protected by federal, state, or local law, which may include depending on the jurisdiction, but is not limited to, unwelcome slurs, jokes, or verbal, graphic or physical conduct relating to an individual’s race, color, religious creed, sex, national origin, ancestry, citizenship status, pregnancy, physical disability, mental disability, age, military status or status as a Vietnam-era or special disabled veteran, marital status, registered domestic partner or civil union status, gender (including sex stereotyping and gender identity or expression), medical condition (including, but not limited to, cancer related or HIV/AIDS related) or sexual orientation.

Sexual harassment consists of unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature where:

1. Submission to such conduct is an explicit or implicit term or condition of employment;
2. Employment decisions are based on an employee’s submission to or rejection of such conduct;  
or,
3. Such conduct interferes with an individual’s work performance or creates an intimidating, hostile or offensive working environment.

The term “harassment” may also include conduct of employees, supervisors, vendors and/or customers who engage in verbal or physical harassment behavior, which has the potential for humiliating or embarrassing an employee.

### **COMPLAINT PROCEDURE**

The Company provides its employees with a convenient and reliable method for reporting incidents of harassment, including sexual harassment. Any employee who feels harassed or discriminated against is encouraged to immediately inform the alleged harasser that the behavior is unwelcome. In many instances, the person is unaware that their conduct is offensive and when so advised can easily and willingly correct the conduct so that it does not reoccur. If the informal discussion with the alleged harasser is unsuccessful in remedying the problem, or if you do not feel comfortable with such an approach, you should immediately report the conduct to your immediate supervisor, manager, or senior executive of the Company. We cannot help resolve a harassment problem unless we know about it. Therefore, it is your responsibility to bring those kinds of problems to our attention so that we can take

necessary steps to correct the problem. The report should include all facts available to the employee regarding the harassment of sexual harassment.

### **CONFIDENTIALITY**

All reports of harassment or sexual harassment will be treated seriously. However, absolute confidentiality is not promised nor can it be assured. The Company will conduct an investigation of any complaint of harassment or sexual harassment, which may require limited disclosure of pertinent information to certain parties, including the alleged harasser.

### **INVESTIGATION**

Once a complaint of harassment or sexual harassment is received, the Company will begin a prompt and thorough investigation. The investigation may include interviews with all involved employees, including the alleged harasser, and any employees who are aware of facts or incidents alleged to have occurred.

Following an investigation, the Company will immediately take any necessary and appropriate disciplinary action. Disciplinary action will be taken if the investigation reveals that an employee has acted in a manner that is not in alignment with the goal of this policy, even when the actions may be lawful. In fact, the Company may address any workplace issue discovered during an investigation. This may include some or all of the following steps:

1. Restore any lost terms, conditions or benefits of employment to the complaining employee.
2. Discipline the harasser. This discipline can include written disciplinary warnings, transfer, demotion, suspension, and termination.

If the harassment or sexual harassment is from a vendor or customer the Company will take appropriate action to stop the conduct.

If you have made a complaint but feel the action taken in response has not remedied the situation, you should make a complaint following the complaint procedure outlined in this policy.

### **DUTIES OF EMPLOYEES AND SUPERVISORS**

All employees of the Company, both management and non-management, are responsible for assuring that a workplace free of harassment or sexual harassment is maintained. Any employee may file a harassment complaint regarding incidents experienced personally or incidents observed in the workplace. The Company strives to maintain a lawful, pleasant work environment where all employees are able to effectively perform their work without interference of any type and requests the assistance of all employees in this effort.

All Company supervisors and managers are expected to adhere to the Company's anti-harassment policy. Supervisors' evaluations may include an assessment of the supervisor's efforts in following and enforcing this policy.

All managers and supervisors are responsible for doing all they can to prevent and discourage harassment or sexual harassment from occurring. If a complaint of harassment or sexual harassment is raised, supervisors and managers are to promptly notify Human Resources so they can proceed with an investigation. If a supervisor or manager fails to follow this policy, he or she will be disciplined. Such discipline may include termination.

## **ETHICAL STANDARDS AND GUIDELINES FOR APPROPRIATE CONDUCT**

Honesty and personal responsibility are the foundations of HOSTED RECORDS's operating principles. Wherever we do business, we strive to instill confidence in our customers by reinforcing the Company's ability to meet its commitments. Actions that might raise questions about the Company's business ethics are unacceptable.

The Company expects employees to be honest and thorough in all actions. It is unethical and improper to give bribes or gifts, and such actions — even an implication of such actions — can result in the most severe disciplinary action. Employees must never publicly criticize the Company competitors or customers.

As representatives of the Company, employees must conform to the Company's business principles. The Company wants to be proud of every action taken by its employees. We want to surface every borderline issue so decisions will be made in an open and conscious way.

If employees see or hear of an action that seems questionable, it is their responsibility to consult with their supervisor about its appropriateness. This process should continue upwards in the Company until the appropriateness of each action is assured by senior management. Throughout this process, all decisions should be documented to provide a clear record for future reference.

The Company strives to maintain the highest standards of personal and business ethics and corporate conduct. As an employee, you are required to do the same. Your daily activities on behalf of the Company should always be carried out in an ethical and legal manner, and conflicts of interest should be avoided. Honesty is not just the best policy; it is the only policy when it comes to business ethics.

Appropriate conduct involves sincere respect for the rights and feelings of others and demands that you refrain from any behavior that might be harmful to yourself, co-workers, the Company, or that might be viewed unfavorably by current or potential customers or by the public at large. Employee conduct reflects on the Company. You are, consequently, expected to observe the highest standards of professionalism at all times.

### **Examples of Inappropriate Behavior**

Types of behavior and conduct that the Company considers inappropriate include, but are not limited to, the following:

1. Falsifying employment or other Company records.
2. Violating the Company's anti-harassment policy.
3. Soliciting or accepting gratuities from customers or clients.
4. Unexcused absenteeism or tardiness.
5. Improper use of the Company's property and supplies, particularly for personal purposes.
6. Reporting to work under the influence of drugs or alcohol.
7. The illegal manufacture, possession, use, sale, distribution or transportation of drugs.
8. Bringing or using alcoholic beverages on the Company's property or using alcoholic beverages while engaged in Company business or Company premises, except where authorized.
9. Fighting or using obscene, abusive, or threatening language or gestures.
10. Theft of property from co-workers, customers, or the Company.
11. Unauthorized possession of firearms on the Company premises or while on Company business.
12. Disregarding safety or security regulations.
13. Lying or otherwise disguising or willfully omitting the truth.
14. Insubordination.

15. Failing to maintain the confidentiality of the Company, customer, or client information.
16. Deliberate or negligent damage to the property of the Company, co-workers, guests, visitors, vendors or customers.
17. Misuse or aid in the misuse or loss of Company and/or customer assets or equipment, including telecommunications and electronic communications (e-mail, internet/intranet systems, etc.).
18. Conflict of interest.
19. Off-the-job impairment of Company interests.
20. Intentional or negligent failure to protect and preserve the Company's intellectual property.
21. Illegal, inappropriate or unethical conduct relative to customers, vendors or suppliers.
22. Violation of a contract term, policy, rule or practice of the Company, its customers, vendors or suppliers.
23. Gambling in the workplace.
24. Theft, misappropriation, embezzlement, or other dishonest acts relative to the Company or its employees, customers, agencies, vendors and/or suppliers.
25. Conviction of a crime rendering the employee unfit to perform duties.
26. Possession or transport of firearms, explosives, dangerous weapons, hazardous materials or instruments designed or intended to coerce or to inflict bodily injury in the workplace.
27. Creation of a fire or safety health hazard in the workplace or failure to use an appropriate safety device or reasonable safety precautions or failure to report unsafe actions or conditions.
28. Unauthorized or secret recording in any manner (audio or visual) of workplace or work related conversations without the express consent (recorded or written) of all parties participating in or present at the conversation.
29. Violence of any kind in the workplace, including fighting or provoking fighting; engaging in disorderly conduct or horseplay.
30. Verbal or physical mistreatment of an employee or group of employees including harassing, abusive, or intimidating treatment.
31. Failure to cooperate in a Company investigation.
32. Job abandonment or leaving the workplace early, without approval or without reasonable cause.
33. Performance deficiencies.
34. Absences from work without proper notice.
35. Falsely stating or making a claim of physical injury or illness.
36. Unreasonable interference with your own or another employee's performance of job duties, work or business.

## **DISCIPLINARY ACTION**

Should an employee's performance, work habits, overall attitude, conduct or demeanor become unsatisfactory based on violations either of the above or of any other Company policies, rules or regulations, the employees will be subject to disciplinary action, up to and including termination.

Before or during imposition of any discipline, employees may be given an opportunity to relate their version of the incident or problem at issue and provide any explanation or justification they consider relevant. Where appropriate, a policy of progressive employee discipline will be followed by supervisors. Major elements of this policy include:

1. **VERBAL REPRIMAND.** The first step in the Company's progressive disciplinary policy is the "verbal reprimand." This is a verbal warning to an employee that his conduct is unacceptable, and that repeated or continued failure to conform his conduct or performance to the Company standards may result in more severe disciplinary action. Before receiving a verbal reprimand, an employee will be counseled by his supervisor and told what improvements are necessary and expected to correct any performance

deficiencies. A record of the notice of verbal reprimand may be made and retained in the employee's personnel file. It may be noted that based on the severity of the offense, an employee maybe terminated after the first offense.

2. **WRITTEN REPRIMAND.** The second step is a "written reprimand." This reprimand will describe the unacceptable conduct of performance of the employee and specify needed changes or improvements. A copy of the written reprimand will be retained in the employee's personnel file.
3. **SUSPENSION.** Suspension of the employee's employment may, at the sole discretion of the Company, be used as a third step. The length of the suspension will vary based upon such factors as the severity of the offense, the employee's performance, and the employee's disciplinary record. An employee may be suspended for repeated instances or minor misconduct, failure to conform his conduct or performance to the standards of his position, or for a single serious offense. A record of the suspension will be retained in the employee's personnel file.
4. **TERMINATION.** The final step in the disciplinary procedure is the termination of the employee. If an employee fails to reform his conduct or performance to the standards required by the Company, the Company may, in its sole discretion, terminate the employee's employment.

**Notwithstanding this progressive disciplinary procedure policy, the Company reserves the right to administer discipline in such a manner as it deems appropriate to the circumstances, and may, in its sole discretion, eliminate any or all of the steps in the discipline process.**

#### **VIOLENCE IN THE WORKPLACE POLICY**

It is the intent of the Company to provide a safe workplace for employees and to provide a comfortable and secure atmosphere for customers and others with whom we do business. The Company has zero tolerance for violent acts or threats of violence.

The Company expects all employees to conduct themselves in a non-threatening, non-abusive manner at all times. No direct, conditional or veiled threat of harm to any employee or Company property will be considered acceptable behavior. Acts of violence or intimidation of others will not be tolerated. Any employee who commits, or threatens to commit, a violent act against any person while on Company premises, will be subject to immediate discharge. If an employee, while engaged in Company business off the premises, commits or threatens to commit a violent act, that employee will be subject to immediate discharge if the threat or violent act could adversely affect the Company or its reputation in the community.

Employees within the Company share the responsibility in identification and alleviation of threatening or violent behaviors. Any employee who is subjected to or threatened with violence, or who is aware of another individual who has been subjected to or threatened with violence, should immediately report this information to their supervisor or a member of management. Employees must assume that any threat is serious. If you as an individual feel threatened and need protection, do not hesitate to report the situation to a supervisor. Any threat reported to a supervisor should be brought to the attention of management and/or the Human Resources Department. Human Resources will carefully investigate all reports, and employee confidentiality will be maintained to fullest extent possible.

## **EMPLOYEE SAFETY AND HEALTH**

It is the policy of the Company to provide its employee a safe and healthy work place and to follow procedures aimed at safeguarding all employees. Accident prevention and efficiency in production go together; neither should be given priority over the other.

Safety is everyone's responsibility. Every supervisor is expected to devote the time and effort necessary to ensure the safety of employees at all times. Responsibilities of the employee include:

1. Obeying the safety rules.
2. Following safe job procedures.
3. Do not take short cuts.
4. Keeping work areas clean and free from slippage or tripping hazards.
5. Using prescribed personal protective equipment.
6. Immediately reporting all malfunctions to a supervisor.
7. Using care when lifting and carrying objects.
8. Observing restricted areas and all warning signs.
9. Knowing emergency procedures
10. Reporting unsafe conditions to supervisors
11. Promptly reporting every accident and injury to their supervisor.
12. Following the care prescribed by the attending physician when treated for an injury or illness.
13. Attending all employee safety meetings.
14. Participating in accident investigations, serving on safety committee or other loss control activities as needed.

Failure to observe these guidelines may result in disciplinary action, up to and including termination of employment.

## **WORKPLACE ACCIDENTS**

No matter how insignificant an injury may seem at the time of occurrence, employees should notify the on-site supervisor or manager immediately of any workplace accident or injury. The on-site supervisor or manager should immediately contact Human Resources department.

## **DRUG FREE WORKPLACE POLICY**

The policy of the Company is to maintain a drug free workplace. As a condition of continued employment, all Company employees must comply with this policy. The term "workplace" is defined as Company property, any Company sponsored activity, or any other site where the employee is performing work for the Company or representing the Company. The term "drug" as used in this policy includes alcoholic beverages and prescription drugs, as well as illegal inhalants and illegal drugs and/or controlled substances as defined in schedules I through V of the Controlled Substances Act, 21 U.S.C. Sec. 812, 21 C.F.R. Sec 1308, and the state and local law of the jurisdiction where the workplace is located, including, but not limited to, marijuana, opiates (e.g., heroin, morphine), cocaine, phencyclidine (PCP), and amphetamines. An employee who engages in an activity prohibited by this policy shall be subject to disciplinary action, up to and including immediate termination of employment.

Prohibited activities under this policy include the possession, use, sale, attempted sale, distribution, manufacture, purchase, attempted purchase, transfer, or cultivation of drugs, as defined above, in the workplace, as defined above. Employees are also prohibited from being at the workplace with a detectable amount of drugs in their system. However, the use and/or possession of prescription drugs, when taken as directed and obtained with a valid prescription, shall not be a violation of this policy.

Information regarding the availability of treatment programs, if any, is available upon request by employee's elected health care provider.

This policy is not intended to replace or otherwise alter the obligation of the Company to comply with requirements of the U.S. Department of Transportation or any other federal, state or local agency that regulates drug testing administration or a particular industry.

### **NON-FRATERNIZATION**

The Company desires to avoid misunderstanding, actual or potential conflicts of interest, complaints of favoritism, possible claims of sexual harassment, and the employee morale and dissension problems that can potentially result from romantic relationships involving managerial and supervisory employees in the Company or certain other employees in the Company.

Accordingly, managers and supervisors are discouraged from fraternization or becoming romantically involved with one another or with any other employee of the Company. Additionally, all employees, both managerial and non-managerial, are discouraged from fraternizing or becoming romantically involved with other employees, when, in the opinion of the Company, their personal relationships may create conflict of interest, cause disruption, create a negative or unprofessional work environment, or present concerns regarding supervision, safety, security, or morale. An employee involved with a supervisor or fellow employee should immediately and fully disclose the relevant circumstances to management so that a determination can be made as to whether the relationship presents an actual or potential conflict of interest. If an actual or potential conflict exists, the Company may take whatever action appears appropriate according to the circumstance, up to including the transfer or discharge. Failure to disclose acts may lead to disciplinary action, up to and including termination.

All employees should also remember that the Company maintains a strict policy against unlawful harassment of any kind, including sexual harassment. The Company will vigorously enforce this policy consistent with all applicable federal, state, and local laws.

### **COMPLAINT RESOLUTION PROCEDURE**

Misunderstandings or conflicts can arise in any organization. To ensure effective working relationships, it is important that such matters be resolved before serious problems develop. Most incidents resolve themselves naturally; however, should a situation persist that you believe is detrimental to your employment with the Company, you should follow the procedure described here for bringing your complaint to management's attention.

**Step One** - Discussion of the problem with your immediate supervisor is encouraged as a first step. If, however, you do not believe a discussion with your supervisor is appropriate, you may proceed directly to the next step.

**Step Two** - If your problem is not resolved after discussion with your supervisor, or if you feel discussion with your supervisor is inappropriate, you are encourage to request a meeting with a representative of the Human Resource Department. In an effort to resolve the problem, the representative will consider the facts and may conduct an investigation.

The Company does not tolerate any form of retaliation against employees availing themselves of this procedure. The procedure should not be construed, however, as preventing, limiting, or delaying the Company from taking disciplinary action against any individual, up to and including termination, in circumstances (such as those involving problems of overall performance, conduct, attitude, or demeanor) where the Company deems disciplinary action appropriate.

## **E. HOURS AND COMPENSATION POLICIES**

### **HOURS OF OPERATION**

The Standard Work Day is 8 hours, and the Standard Work Week is 40 hours. The Company's core Standard Business hours are from 9:00 a.m. to 5:00 p.m., Monday through Friday.

The Company's standard workweek is Monday through Friday. Your scheduled workdays within the workweek may vary in accordance with your job assignment. Your workday and workweek should typically follow the guidelines of the Standard Work Day and Standard Work Week, according to the Standard Business Hours, as defined above. However, your workday and workweek may vary depending on your customer's requirements. The Company works when our customers need us, so your individual work schedule will depend upon your job and department and should be coordinated with your supervisor. Your scheduled workdays within the workweek may vary in accordance with your job assignment.

### **STANDARD PAY PERIODS, PAYDAY**

The two standard monthly pay periods are: (1) the first 15 calendar days of the month and (2) the 16th day through the end of the month. All employees are paid on the 10<sup>th</sup> and the 25<sup>th</sup> of the month of the prior pay period (ex: hours worked between Jan 1-15 will be paid on January 25<sup>th</sup>). If the payday falls on a weekend or a holiday, you will be paid on the prior business day. If you resign, final settlement of services or wages, including accrued paid time off (PTO) will be made no earlier than the next regular pay cycle, or in accordance with state law, whichever is sooner.

If you are terminated, you will be paid on the next regular payday, or in accordance with applicable state law, whichever is earlier.

### **DIRECT DEPOSIT**

We encourage employees to have paychecks direct deposited to any bank that is a member of the Automated Clearing House Association of Banks. Forms are available through the Human Resources. Direct deposit is a convenient method of receiving pay, avoids the potential for misdelivered or delayed checks, and occurs even when you are away from work. For these reasons, direct deposit is the recommended method for receiving pay. Setting up (and changing) direct deposit may take up to two pay periods to become effective. If you do not elect to enroll in direct deposit and you are absent on payday your check will be mailed to your home address. The Company is not responsible for any delays experienced by the United States Postal Service in the delivery of your paycheck. If the check is lost or not delivered, you will be responsible for any related bank charges incurred.

### **TIMESHEETS**

All employees must complete accurate timesheets to record all work and work absences for each workweek. Accurate timesheets meeting government standards are vital to the Company's customer billing and cost analysis. You are responsible for the accurate, complete and timely submission of your timesheet, including:

1. Daily posting of time worked on the actual timesheet, and;
2. Posting of all time worked to the nearest one tenth of an hour.

You must complete your timesheet each day. All employees will sign and submit timesheets on the 15th and the last day of every month. You should record accurately all work, non-work and leave of absence hours during the regularly scheduled workweek using any relevant charge numbers or project/work/leave description codes. Recording accurately means properly identifying the full

number of hours worked or on leave each day, with allowable tenth-hour increments, and applying those hours to the proper charge numbers.

As an employee of a Federal government contractor, each employee is subject to random time reporting audits, called floor checks, by the Company's payroll personnel and representatives of the Defense Contract Audit Agency (DCAA). A floor check generally consists of a policy and procedure review as well as employee interviews for compliance with the policies and procedures. To support such audits, you are expected to maintain and keep available a time reporting information file. The file should include any guidance you have received (including this policy) concerning any time reporting guidance provided by the Company management team.

Questions regarding proper time reporting for specific situations should be directed to your manager or Human Resources.

You must sign your time sheet prior to submission. Any discrepancies should be resolved by the department manager before transmittal to the payroll contact for payment.

## **OVERTIME**

Overtime is defined as hours worked over the Standard Work Week in a given week.

### **For Non-Exempt Employees**

If you are a non-exempt employee, you may be required to work overtime. You may only work overtime with prior authorization from your immediate supervisor. Employees shall record all time on timesheets at the time it actually occurs. Overtime pay is based on hours actually worked per workweek, in accordance with state and federal requirements. Unless otherwise specified by state law, overtime hours worked in excess of forty hours in a work-week, and approved in advance by your HOSTED RECORDS supervisor, will be paid at one and one half times your base rate of pay per hour. Hours worked means productive time actually spent on the job. It does not include hours away from work due to vacation, sickness, unscheduled leave, or holidays, even when these days are compensated. Unpaid leave, paid time-off, or any other time away from work is also not considered as hours worked.

### **For Exempt Employees**

Exempt employees are not eligible for overtime pay unless otherwise noted in an employee's offer letter or in accordance with a specific contract. Under certain circumstances, exempt employees may be compensated for overtime. Your supervisor will coordinate this, if applicable.

## **FLEXTIME**

Flexitime is the ability to adjust the actual hours worked within a given time period so that they are not regimented to 8-hour days and 40-hour weeks. With Flexitime you can flexibly allocate your hours across the given pay period.

The Company's policy on flexitime is intended to respond to the needs of regular, full-time exempt employees for whom the standard (e.g. 8:30 a.m. to 5:30 p.m.) schedule is not ideal. In certain instances, non-exempt employees may participate, however this may be limited by state labor laws. Within the guidelines described below, the Company provides all regular, full-time employees the opportunity to request the hours of work that suit their individual needs:

You may flexibly adjust your workday and workweek, working more or less than the standard 8 hours on any given day or 40 hours in any given week. You should record actual hours worked on your timesheet as normal. The use of Flexitime is limited by, and subject to, any restrictions or requirements that may be further placed upon you based on the nature and requirements of your work at the time,

contract requirements, and customer requirements for attendance or work hours. Some departments might be unable to offer flextime for some positions and/or during certain times of the year. Employees wanting to work a flextime schedule must discuss the matter with their supervisor and coworkers who might be directly affected. Gliding schedules - *schedules that an employee can vary from day to day or week to week* - can be approved if such schedules meet both employee and departmental needs.

If flextime is granted, the Company has the right to cancel or suspend an employee's flextime privileges at any time, for any reason or for no reason. The Company reserves the right to limit use of Flextime if it finds this policy is being abused to the detriment of the Company operations, customer satisfaction, or success. Daily and weekly work schedules can be modified at the Company's discretion to meet changing business conditions. Flextime does not restrict exempt employees from working more than their scheduled flextime hours.

This policy does not affect the requirement that the Company's office remain open during regular business hours.

### **MEAL AND BREAK PERIODS**

The law allows for meal and break periods each day. Each employee is entitled to a 30 minute meal period and two ten minute break periods daily. Non-exempt employees must clock in and out during the meal period but are not required to clock in and out during breaks. Exempt employees are allowed the same meal and break periods, but are not required to clock in and out.

### **INCLEMENT WEATHER/OFFICE CLOSINGS**

It is the Company policy that offices be open during normal working hours in order to provide the service our clients require and expect from us. The Company's President or CEO have sole discretion in determining if the office is to be closed in the event of inclement weather or other emergency.

When the office you are working at – whether that is a Company site or a customer site – is closed for reasons other than a Company-observed paid holiday, you will be responsible for accounting for the time during the office closure that you would normally have worked, as detailed in the sections that follow.

#### **Inclement Weather Safety**

During inclement weather, employees are expected to make their best efforts to report to work. If you are unable to travel to work due to unsafe road conditions, your options are:

1. Make up the lost time during the pay period, as per the Company's Flextime policy described herein;
2. With permission from your HOSTED RECORDS manager, work from home;
3. Charge the lost time to your allotted PTO benefit.

Unless otherwise instructed by the Company executive management, you should not charge hours lost during office closures to "overhead." The Company executive management may, at its sole discretion, amend this policy on a situational basis.

### **OFFICIAL OFFICE CLOSURE/DELAY/EARLY CLOSURE**

Whenever possible, the Company will keep all facilities open at all times. Our business is to provide service, and when we are not providing service to our customers we are failing to meet our commitments, so we take very seriously the need to remain open and operating at all times. However, the Company reserves the right to make the decision to close, open late, or close an office location early under the following conditions: A government-issued mandate declaring highways and roads closed; Severe inclement weather; Long-term power failure; or Catastrophe.

The Company's executive management will make an effort to notify all affected employees in the event of an office closure. When in doubt, contact your manager for the status of the office location where you work. If the Company office where you work is formally closed due to unforeseen circumstances (listed above), you have the following options:

1. With permission from your HOSTED RECORDS manager, work from home;
2. Work from another office, such as corporate office or other remote office that is open. However, your personal safety comes first, so please consider the guidance under the sections for Safety and Health and Inclement Weather Safety before making any decision to travel;
3. Make up the lost time during the pay period, as per the Company's Flextime policy described herein or
4. Charge the time to your allotted PTO benefit.

Unless otherwise instructed by the Company executive management, you should not charge hours lost during office closures to "overhead." The Company executive management may, at its sole discretion, amend this policy on a situational basis.

#### **Customer Site Unforeseen Office Closure/Delay/Early Closure**

If you are working at a customer site and the customer office closes due to unforeseen circumstances (e.g., inclement weather) but the Company's local offices remain open, you have the following options:

1. Make up the lost time during the pay period, as per the Company's Flextime policy described herein
2. With permission from your HOSTED RECORDS manager, work from home; or
3. Charge the lost time to your allotted PTO benefit.

Unless otherwise instructed by the Company executive management, you should not charge hours lost during office closures to "overhead." The Company executive management may, at its sole discretion, amend this policy on a situational basis.

#### **Customer Site Holiday Office Closure**

If you are working at a customer site and the customer site office is closed due to holiday but that holiday is not formally observed by the Company, your options are:

1. Come to a Company satellite office and work;
2. Make up the lost time during the pay period, as per the Company's Flextime policy described herein
3. With permission from your manager, work from home; or
4. Charge the lost time to your allotted PTO benefit (or use LWOP "Leave without pay").

Unless otherwise instructed by the Company executive management, you should not charge hours lost during office closures to "overhead" or "holiday."

#### **EXEMPT EMPLOYEE REDUCTION OF SALARY**

Exempt employees are paid on a salary basis and, in general, must be paid their full salary for any week in which they perform work. Their salary may be reduced only in the following circumstances:

1. You are absent from work for more than one day for jury duty, attendance as a witness, or military leave.
2. You work less than forty hours during your first and/or last week of employment. You will be paid a proportionate part of your full salary for the time actually worked.

3. Employees who are absent from work for jury duty, attendance as a witness, or military leave may have their salary reduced by the amount of payment they receive in the form of jury fees, witness fees, or military pay. Their salary will not be reduced by the number of hours or days they are absent unless they perform no work during a given week.
4. If an employee violates a safety rule of major significance, his or her salary may be reduced in an amount to be determined by the Company as a penalty for that violation.
5. Employees may be suspended without pay for other types of workplace misconduct, but only in full day increments. This refers to suspensions imposed pursuant to a written policy applicable to all employees regarding serious misconduct including but not limited to workplace harassment, violence, drug and alcohol violations, legal violations, etc. The possibility of such unpaid suspensions is hereby incorporated into all such policies.
6. Employees who work less than forty hours during their first and/or last week of employment will be paid a proportionate part of their salary for the full time actually worked.
7. Employees who take leave under the Family and Medical Leave Act will not be paid for the time unless they have accrued paid time off under the Company's paid time off, vacation, sickness, or disability policy, if any. Their salary will be reduced by the hours missed, even if it is for less than a full day.
8. Unpaid Leave of Absence. Employees will not be paid for the duration of that absence. This policy is subject to applicable law. The Company will follow the state law regarding reduction of exempt employees' salaries if the state law is more favorable to employees.

If your salary is reduced in violation of this policy, you will be reimbursed. If you feel your salary has been improperly reduced, please contact Human Resources immediately. You will not be penalized in any way for making such a complaint.

This policy is intended solely to comply with FLSA regulatory requirements, and will be applied and modified as necessary in accordance with such requirements, and is not to be considered any type of contract.

#### **PROHIBITED REDUCTIONS / COMPLAINT PROCEDURE**

Any salaried exempt employee whose salary is reduced in violation of this policy will be reimbursed. If you feel your salary has been improperly reduced, please notify the Human Resources. The employee will not be penalized in any way for making such a complaint. This policy is intended solely to implement FLSA regulatory requirements, and will be applied, and modified as necessary in accordance with such requirements, and is not to be considered any type of contract.

#### **ABSENTEEISM AND TARDINESS**

The Company is able to secure work based upon our estimates of performance and our history of reliability. Therefore, the Company expects all employees to assume diligent responsibility for their attendance and promptness. Continued dependability, quality and pride of service are factors over which each individual employee has a great deal of influence. If you are absent and cannot perform your duties on time, or if you produce substandard work, then we all pay the price by losing the confidence of the customer.

The work schedule is construed around the maximum working hours and capabilities of the staff. It is extremely important that you be punctual in your arrival for work at the beginning of the workday or shift to which you are assigned. If you know that you will be absent or late arriving for work, notify your supervisor personally no later than one hour before your scheduled start time. In the event of disabling sickness or accident while performing your duties, notify your supervisor immediately.

If you are absent for three or more consecutive workdays, a statement from a physician may be required before you will be permitted to return to work. In such instances, the Company also reserves the right to require you to submit to an examination by a physician designated by the Company at its discretion.

Unexcused or excessive absenteeism or tardiness may be grounds for disciplinary action, up to and including termination. If you are absent for three or more consecutive business days and fail to properly report your absences, this may be considered a resignation of your position and you will be terminated for abandonment of your job.

### **WAGE AND SALARY**

Wage rates and salaries vary according to your qualification and previous work experiences, and a successful, stable work record. Rates for one particular job or classification cannot be compared as being relative to any other.

Any wage increase or adjustment in pay will be awarded on an individual basis dependent upon your performance and your overall contribution to the Company's profitability.

### **WORKPLACE ACCIDENTS**

No matter how insignificant an injury may seem at the time of occurrence, you should notify the onsite supervisor or your manager and Human Resources immediately of any workplace accident or injury.

### **DRUG FREE WORKPLACE**

The Company maintains a drug-free workplace. As a condition of continued employment, all employees must comply with the Company's Drug Free Workplace policy.

### **Reasonable Suspicion Testing - All Employees**

As permitted by and in accordance with state or local law, the Company may require drug testing of any employee if the Company has reasonable suspicion to believe the employee has violated the prohibitions of this policy concerning drug use. In extraordinary circumstances, the Company may also test for reasonable suspicion of alcohol use, as allowed by law.

### **Employees Seeking a Security Clearance**

In compliance with federal regulations, if you:

- Have been granted security clearance by the Defense Secret Service, and, your job requires a high degree of trust and confidence,

You may be subject to drug or alcohol testing if:

- The Company has reasonable suspicion to believe you have used an illegal drug in the Company workplace or at any customer site, or while driving a Company vehicle, or during Company time, or if you are present at the Company workplace or at any customer site under the apparent influence of any illegal drug.

### **Additional Testing**

Employees who are subject to the Department of Transportation's (or other agency) regulations on Controlled Substance and Alcohol Use and Testing may also be subject to testing.

### **PRE-EMPLOYMENT AND OTHER TESTING**

Employees as well as internal and external applicants for employment in a Company position may also be subject to drug and/or alcohol testing, including pre-employment drug testing, if necessary to comply with customer contract requirements and in accordance with applicable state and federal law.

## **Re-Testing**

As permitted by state or local law, the Company may require alcohol and/or drug re-testing of an employee. Generally, the Company permits re-testing of the second vial only where the Company questions the validity of a positive drug or alcohol test or as otherwise advised by the Company's administering medical review officer.

Employees who are subject to Department of Transportation Regulations Testing, or who live in areas where local law allows, may request that the second vial of their specimen be tested at their expense at a laboratory of their choice.

## **Sanctions and Consequences of a Positive Drug or Alcohol Test or Failure to Consent to a Test**

If you have been convicted of violating a criminal statute relating to drug or alcohol use, possession, dispensation, distribution or manufacture while actively employed by the Company, you are subject to immediate termination of employment.

As required by federal legislation, if you are convicted of violating any criminal drug statute in the workplace, you must notify the Company no later than five days after such conviction. Such conviction shall lead to immediate termination of employment. If you are convicted of violating any criminal drug statute as a result of conduct outside the workplace, you will be subject to appropriate disciplinary action, up to and including termination from employment. Pending the outcome of the investigation into whether you have violated these guidelines, the Company may suspend you with or without pay. In all situations where the Company finds that you have violated these guidelines, you will be subject to appropriate disciplinary action, up to and including termination from employment.

If you refuse or fail rehabilitation provided for under these guidelines, you will be subject to appropriate disciplinary action, up to and including termination from employment. If the Company requires you to submit to drug testing and you refuse to so submit, or your test evidences use of an illegal drug or that you had been under the influence of an illegal drug at the Company workplace or at any customer site, you will be subject to appropriate disciplinary action, up to and including termination from employment.

Any illegal drug that is confiscated by the Company will be turned over to the appropriate law enforcement authorities. Any employee from whom the drug is confiscated is subject to immediate termination of employment.

Applicants who take a pre-employment test which returns a positive drug test result or refuse to consent to a required drug test will have their offer of employment withdrawn. The decision to allow the applicant to re-apply and/or re-test as permitted by state law and this policy is within the Company's sole discretion.

## **BACKGROUND INVESTIGATIONS**

### **General Guidelines**

People are a Company's most valuable resource and represent not only a tangible investment, but also an intangible asset to the business as well. Thus, the human element is of concern to the Company, not only in the selection of good employees, but also in the security and safety of the Company's assets. Employees and applicants may represent not only a wide array of backgrounds, but also a variety of potential risks to the Company. To the extent permitted under state and federal laws and regulations, and in accordance with state and federal laws and regulations, the Company's policy is to perform background investigations on potential new hires. Background investigations are conducted by an outside agency, a Consumer Reporting Agency. These investigations enhance our ability to make informed hiring decisions for our Company and our customers. The background investigations may include, but are not limited to, the following:

- Identity verification
- Employment verifications
- Education verification
- Reference checks
- Felony and/or felony-related misdemeanor check
- Credit history check

Any information discovered in a background investigation report is held in the strictest confidence and will be released only to the Director of Human Resources, the CEO, the President, general counsel, and/or the Facilities Security Officer. Any adverse information is shared with the candidate, along with a summary of the candidate's rights under the Fair Credit Reporting Act (FCRA). A candidate may dispute any adverse information as outlined in FCRA.

However, the burden of proof of inaccurate information is the responsibility of the individual and not the Consumer Reporting Agency (CRA). Please note, however, that your right to dispute with the CRA the accuracy or completeness of any information in the report is not related to any employment decisions that may be made by the Company. False and misrepresented information provided on an application are cause to immediately cancel any further employment consideration with the Company. Existing employees who may require a clearance to work on a particular contract will also be subject to a background investigation.

#### **Consent for Background Investigations**

No investigations will begin without an applicant's or employees proper consent, as required by applicable law. If a current employee is assigned to a contract requiring background investigations, such employee may not begin work on the contract at issue prior to his or her consent to the investigation. A refusal to submit to a background check could affect the offer of employment or an existing employee's continued employment with the Company.

#### **Results of Background Investigations**

If the Company does not become aware of any relevant adverse information arising from the background investigation, your candidacy for employment or your existing employment with the Company will not be affected. Information obtained in the background investigation process will only be used for legitimate business purposes, including, without limitation, report to a federal government agency of any information that the Company determines to be "adverse information" within the meaning of applicable federal rules and standards related to security clearances and/or security related investigations. You will be notified of the Company's discovery of relevant adverse information that could impact your continued employment at the Company before a decision to take any adverse action is made.

## **F. OPERATIONS POLICIES**

### **SMOKE-FREE WORKPLACE**

In order to maintain a safe and comfortable working environment and to ensure compliance with applicable laws, smoking of any kind including tobacco-less cigarettes such as e-cigarettes in Company offices and facilities is strictly regulated.

By law, smoking is prohibited in all Company offices and the buildings in which the Company offices reside. Smoking tobacco outside on Company premises is permitted only in designated areas. Even in a designated area, you must smoke at least 50 feet or more away from any outside entrance. This policy applies to all employees of the Company, and all other persons visiting or working at the Company.

You should familiarize yourself with those areas throughout the premises where smoking is either permitted or prohibited. For your convenience, these areas have been marked clearly.

Because the Company may be subject to criminal and civil penalties for violations of applicable smoking laws, we must insist on strict adherence to this policy. Employees smoking in any nonsmoking area may be subject to disciplinary action, up to and including termination. Please contact your manager or the Human Resource Department if you have any questions regarding the smoking policy. Complaints regarding violations of this policy may be filed under the Company's complaint resolution procedure, described herein.

### **PERSONAL PHONE CALLS AND PERSONAL BUSINESS**

During business hours, you are requested to keep personal calls to an absolute minimum. No long distance or toll calls such as directory assistance, other than Company business calls, are to be made from Company telephones. If it is absolutely necessary that you make a toll call from work, you must charge it to your personal calling card or home number. Telephone records are subject to periodic review by management.

If you need to leave the worksite to conduct personal business, you must first obtain permission from your immediate supervisor. This will allow the supervisor to make modifications to the work schedule if necessary and will keep management aware of your activities during the day. Personal visits of friends and family members to the worksite are discouraged.

### **USE OF COMMUNICATION SYSTEMS**

It is the intent of the Company to provide the communication systems necessary for the conduct of its business. Employees are expected to adhere to proper use of all communication systems. These include but are not limited to the Telephone, Electronic Mail (E-Mail), Facsimile, Internet, Corporate Intranet, Voice Mail, Computer Terminals, Modems and Systems Software. Employees are permitted use of Company property and must comply with Company policies and procedures regarding its use.

The communication systems are owned and operated by our customers and/or the Company, and are to be used for the business of the Company. Employees should have no expectation of privacy of any correspondence, messages or information in the systems.

The Company reserves the right to access and disclose all such messages sent for any purpose. All such messages, regardless of content or the intent of the sender, are a form of corporate correspondence, and are subject to the same internal and external regulation, security and scrutiny as any other corporate correspondence. E-mail communications must be written following customary business communications practices as is used in Company correspondence. E-mail communications

are official internal Company communications, which may be subject to summons in legal proceedings. Work-related messages should be directed to the affected employee(s) rather than sending a global message to all employees.

The Company's communication systems shall not be used as a forum to promote religious or political causes, or an illegal activity. Offensive or improper messages or opinions, transmission of sexually explicit images, messages, cartoons, or other such items, or messages that may be construed as harassment or disparagement or others based on race, color, religious creed, sex, national origin, ancestry, citizenship status, pregnancy, physical disability, mental disability, age, military status or status as a Vietnam-era or special disabled veteran, marital status, registered domestic partner or civil union status, gender (including sex stereotyping and gender identity or expression), medical condition (including, but not limited to, cancer related or HIV/AIDS related), sexual orientation are also prohibited on the Company's communication systems.

Employees shall not attempt to gain access to another employee's personal communications systems and messages. However, the Company and/or our customers reserves the right to access an employee's messages at any time, without notice to the employee.

Any violation of these guidelines may result in disciplinary action, up to and including termination.

### **EMAIL USE AND ETIQUETTE**

Proper use of the tools at our disposal improves our efficiency, demonstrates suitable respect for other people's time, eliminates confusion and duplication of effort, and reduces our operating costs. Most importantly, it improves our customer's perception and that translates into highly satisfied customers and repeat business.

Employees are expected to:

Keep their email discussions and content at the highest level of professionalism and write email with even greater care than they would chose the spoken word;

Be mindful of any email distribution list, only include all those for whom the information is relevant, and consider the impact of email on worker productivity and business relationships;

Use email not as the only form of communication, but as a form of communication that has a particular purpose and place in business. At each instance, weigh the use of email against other forms of communications (e.g., phone, mail, instant message, etc.) when considering the desired response and the needed timeliness of that response.

### **INTERNET CODE OF CONDUCT**

Access to the Internet has been provided to staff member for the benefit of the organization and its clients. It allows employees to connect to information resources around the world. Every staff member has a responsibility to maintain and enhance the Company's public image, and to use the Internet in a productive manner. To ensure that all employees are responsible, productive Internet users and are protecting the Company's public image, the following guidelines have been established for using the Internet.

### **ACCEPTABLE USE OF THE INTERNET**

Employees accessing the Internet are representing the Company. All communications should be for professional reasons. Employees are responsible for seeing that the Internet is used in an effective, ethical and lawful manner. Internet Relay Chat channels may be used to conduct official Company

business, or to gain technical or analytical advice. Databases may be accessed for information as needed. E-mail may be used for business contacts.

### **UNACCEPTABLE USE OF THE INTERNET**

The Internet should not be used for personal gain or advancement of individual views. Solicitation of non-Company business, or any use of the Internet for personal gain is strictly prohibited. Use of the Internet must not disrupt the operation of the Company network or the network of other users. It must not interfere with your productivity.

### **Communications**

Each employee is responsible for the content of all text, audio or images that they place or send over the Internet. Fraudulent, harassing or obscene messages are prohibited. All messages communicated on the Internet should have your name attached. No messages will be transmitted under an assumed name. Users may not attempt to obscure the origin of any message. Information published on the Internet should not violate or infringe upon the right of others. No abusive, profane or offensive language may be transmitted through the system. Employees who wish to express personal opinions on the Internet are to use non-Company Internet systems.

### **Software**

To prevent computer viruses from being transmitted through the system, there will be no unauthorized downloading of any software. All software downloads require prior management approval.

### **Copyright Issues**

Staff members while using the Internet may not transmit copyrighted materials belonging to entities other than the Company. One copy of copyrighted material may be downloaded for use in research. Users are not permitted to copy, transfer, rename, add or delete information or programs belonging to other users unless given express permission to do so by the owner. Failure to observe copyright or license agreements may result in disciplinary action from the Company, up to and including immediate termination, or legal action by the copyright owner.

### **Security**

All messages created, sent or received over the Internet are the property of the Company, and should be considered publicly accessible information. The Company reserves the right to access and monitor all messages and files on the computer systems as deemed necessary and appropriate. Internet messages are public communication and are not private. All communications including text and images can be disclosed to law enforcement or other third parties without prior consent of the sender or the receiver.

### **CONFIDENTIALITY**

General internal business affairs of the organization shall not be discussed with anyone outside the organization except as may be required in the normal course of business. Information that is designated as confidential such as employee roster, salary information, financial information, etc. is to be discussed with no one outside the organization and only discussed within the organization on a “need-to-know” basis.

You have a responsibility to avoid unnecessary disclosure of non-confidential internal information about the Company, its customers, and its suppliers. This responsibility is not intended to impede normal business communications and relationships, but is intended to alert you to your obligation to use discretion to safeguard internal Company affairs. If you have authorized access to confidential information, you are responsible for its security.

Inquiries seeking information concerning applicants for employment, current employees, or former employees shall be referred to the Company's Human Resources Director. All reference requests shall be referred to the Company's Human Resources Director. Any employee found in violation of this policy is subject to disciplinary action, up to and including termination.

## **TELECOMMUTING POLICY**

The Company may permit telecommuting as a voluntary work alternative for some exempt employees in certain job functions so long as the following general principles are followed:

1. The employee must have exhibited exceptional performance and the ability to work independent of supervision.
2. The job function must be such that it allows for the employee to work off-site.
3. Any telecommuting arrangement will be on a trial basis initially, and may be discontinued at any time at the discretion of the Company.
4. At times, the Company's business needs may require telecommuting employees to be at the office or at a customer site.
5. Telecommuting is not a replacement for appropriate childcare.
6. Any property issued to you by the Company, such as software, computer equipment, databases, or files must be returned at the time the telecommuting arrangement has been discontinued. You will be responsible for any lost or damaged items.

In order for a telecommuting arrangement to be approved, the arrangement must accomplish all of the following:

- Improve your individual efficiency and effectiveness;
- Not impact any prior commitment to work at the customer's facilities or other location;
- Not impede your or any co-worker or customer's ability to accomplish their assigned tasks or meet their intended goals/objectives; and Provide improved customer service.

Telecommuting is only an option under the condition that:

- You are accessible during normal business hours via phone, and
- You have access to a computer, printer, and Internet service at home. It is approved by the customer (if applicable).

If telecommuting appears to be an option for you based on the criteria above and you do not have the technology infrastructure at home to support it, you are encouraged to speak with your manager to discuss the situation. A telecommuting arrangement in no way changes the terms and conditions with the Company nor the performance level expectations from an employee. All Company policies and procedures also apply to employees working offsite. All telecommuting arrangements are subject to prior approval by your manager. *Since telecommuting is a **privilege*** and not a Company-wide benefit, your manager has the right to refuse to make telecommuting available to any employee whose job function and performance reviews do not meet the criteria as outlined in the general principles.

The Company's telecommuting policy is based on the assumption that, as a professional, you are best able to make good decisions regarding optimizing your efficiency and your ability to service your customers. The Company reserves the right to rescind or limit telecommuting privileges on an individual or Company-wide basis if, in its sole opinion, the above criteria are not being met or the policy is being abused in any way. Violation of any telecommuting policy or any other Company policy may result in loss of an employee's telecommuting privilege and/or discipline up to and including termination.

## **APPEARANCE**

Employees have the responsibility to maintain the Company's image of professionalism through the manner in which they present themselves verbally and visually to each other and the outside world. The office work environment is an indicator of the professionalism of an organization.

Employees should come to work each day dressed in a professional and neat manner. Keeping the business of the day in mind, employees should maintain a business/casual dress common to the business community. There may be times when more professional attire is appropriate. Employees must exert a certain amount of judgment in their choice of clothing to wear to work. If you experience uncertainty about acceptable, professional business casual attire for work, please ask your supervisor or Human Resources.

Casual clothing is not permitted during standard workdays. Other inappropriate attire that should not be worn to work includes clothing with potentially offensive words, terms, logos, pictures, cartoons, or slogans.

The Company reserves the right to insist that any employee who is inappropriately dressed be relieved of work and be provided with the opportunity to change clothing into Company acceptable attire. All other policies about personal time use will apply. Violations of dress code will be cause for disciplinary action up to and including termination.

## **CONFLICT OF INTEREST**

You are expected to act ethically, honestly and with the highest standard of personal integrity at all times in the performance of your job responsibilities. In all situations, you are expected to conduct the Company's business in accordance with applicable laws and regulations. You should not engage in any activity, practice or conduct which conflicts with, or appears to conflict with the interests of the Company, its customers, or suppliers. As in all your job duties, if you deal with customers, suppliers, contractors, competitors or any person doing or seeking to do business with the Company, you are to act in the best interests of the Company regardless of personal preference and you must not create the perception of personal advantage.

An actual or potential conflict of interest occurs when you are in a position to influence a decision that may result in a personal gain for you or for your relative as a result of the Company's business dealings. For the purpose of this policy, a relative is any person who is related by blood or marriage, or whose relationship with you is similar to that of persons who are related by blood or marriage.

The mere existence of a relationship with outside firms does not necessarily create a conflict of interest. However, if you have any influence on transactions involving purchases, contracts, or leases, it is imperative that you disclose to the Director of Human Resources as soon as the existence of the relationship, so that safeguards may be established to protect all parties.

If you are uncertain as to the applicability of this policy to your work, you are responsible for seeking guidance from your manager or Human Resources.

## **SOLICITATIONS AND DISTRIBUTION OF LITERATURE**

The Company intends to maintain a proper business environment and prevent interference with work and inconvenience to others from solicitations and/or distribution of literature.

Group meetings for solicitation purposes, distributing literature, and circulating petitions in work areas are prohibited unless it approved by the on-site manager as a Company-sponsored event. The following guidelines will apply throughout the Company and our Client locations:

- Employees will not engage in any solicitation of other employees for any purpose whatsoever during working hours or in work areas.

- The Company's facilities may not be used as a meeting place that involves solicitation and/or distribution of literature.
- In order to maintain good customer relations and preserve the professional work environment, employees may not wear any insignia, badge, or button on their person, nor display any insignia, badge, or button on their desk or in their work area, excluding professional designation awards.
- Human Resources must approve all information that is displayed on the Company's bulletin board and intranet.
- Trespassing, soliciting, and distributing literature by non-employees are all prohibited on the Company's premises.

## **VIOLATIONS**

Violation of any guidelines listed herein may result in disciplinary action, up to and including immediate termination. If necessary, the Company will advise appropriate legal officials of any illegal violations.

## **CUSTOMER RELATIONS**

The Company strives to consistently provide customers with a product and service that is of exceptional quality and value. In order to realize our commitment to excellent customer service, we expect the following from each of our employees:

Provide courteous service in a prompt and efficient manner.

Establish and maintain positive relationships with customers by gaining their trust and respect through professional, honest interaction.

Handle complaints quickly and professionally. Never argue with a customer. If you are unable to resolve the complaint to the customer's satisfaction, review the situation with your supervisor. Communicate with customers in a professional manner whether in person, over the phone, or via e-mail.

Always remember that you are the Company to our customers and our reputation and the customer's perception of the Company is attributed to each employee.

## **GIFT AND FAVORS**

No employee shall solicit or accept for personal use, or for the use of others, any gift, favor, loan, gratuity, reward, promise of future employment, or any other thing of monetary value that might influence, or appear to influence, the judgment or conduct of the employee in the performance of their job.

Employees can accept occasional unsolicited courtesy gifts or favors (such as business lunches, tickets to sporting events or cultural events, holiday baskets, flowers, etc.) so long as the gifts or favors have a market value under \$25, are customary in the industry, and do not influence or appear to influence the judgment or conduct of the employee. Please discuss any exceptions to this amount with your supervisor.

Employees are not to give, offer, or promise directly or indirectly anything of value to any representative of a customer, a potential customer, a vendor or potential vendor, financial institution or potential financial institution with whom the Company has or may have a business relationship.

Any gifts to government employees are subject to government regulations and limitations.

## **WEAPONS**

It is the intent of the Company to provide a safe and secure workplace for employees, clients, clients' customers, visitors and others with whom we do business. The Company expressly forbids the possession of firearms on Company property. The Company has "zero tolerance" for possession of any type of weapon, firearm, explosive, or ammunition. Company property includes, but is not limited to, all Company facilities, vehicles, and equipment, whether leased or owned by the Company or its client. In addition, firearms in employee-owned vehicles parked on Company property are strictly forbidden.

The possession of firearms on Company property may be cause for discipline including immediate termination of employment. In enforcing this guideline, the Company reserves the right to request inspections of any employee and their personal effects, including personal vehicles while on Company premises. Any employee who refuses to allow inspection will be subject to the same disciplinary action as being found in possession of firearms.

Employees within the Company share the responsibility of identifying violators of this guideline. An employee who witnesses or suspects another individual of violating this guideline should immediately report this information to their on-site supervisor.

## **COMPANY/CUSTOMER PROPERTY**

In an effort to ensure the safety and welfare of employees and invitees, the Company reserves the right, on reasonable suspicion that the Company policy is being violated, to conduct searches or inspections which includes, but is not limited to, employee's work area, desks, and any other property located on the Company premises or work sites. Entry on Company premises or work sites constitutes consent to searches or inspections.

## **TRAVEL**

The Company reimburses employees for the expenses of travel, including the cost of transportation, meals, lodging, and compensation when appropriate, provided such travel is approved and performed in the course of conducting Company business.

Activities that normally justify the reimbursement of travel expenses include calling on customers, prospects, and suppliers and the attendance at business meetings, conventions, and seminars or other selected educational functions related to the employee's job.

Common carrier transportation will be utilized for trips, provided suitable scheduling is available. Employees are expected to exercise prudence in their selection of local transportation to their destination. When practical, employees are expected to use a Company car or personal car for short distance travel.

All employees normally are expected to travel coach or economy class and to stay and eat in moderately priced establishments while traveling on Company business.

Non-exempt employees will be compensated for time spent traveling if that travel is part of the employee's daily work activity, including travel from on job site to another or travel from a designated meeting places to a job site. Travel by a non-exempt employee who will be away from home overnight is work time only during those periods the employee is engaged in Company business, which typically will coincide with the employee's regular working hours. Such time counts as hours worked even if it occurs on a non-working day. If an employee uses his or her own car rather than available public transportation for travel away from home, the employee can count as hours worked either the time spent driving or the time that would have been spent on public transportation during regular working hours.

## **Reimbursement**

*Employees are expected to submit an expense report for travel **within two weeks** of returning from travel, or incurring a Company reimbursable cost. An expense report must be submitted for expenses – whether paid for by the Company - or the employee.*

## **PERSONAL VEHICLES**

Employees may use their personal vehicles on official Company business provided prior approval has been obtained from their supervisor. A mileage rate based on acceptable and current Company guidelines will be paid to an employee who uses his personal vehicle on official Company business. Minimum insurance requirements as specified by the Company's insurance carrier must be in effect at the time the employee's personal vehicle is used and the employee may be required to provide proof of insurance.

The Company strictly prohibits the use of communications devices while driving a vehicle on Company business – whether or not their use is allowed by federal/state/local laws. This includes, but is not limited to: text messaging, mobile phones, pagers, two-way radios, and/or computers.

## **COMPANY VEHICLES**

The following are specific policies related to vehicles leased or owned by the Company:

Employees must have a valid driver's license and be insurable by the Company's automobile insurance carrier. Any changes in the status of your driver's license (revocation, suspension, DUI, etc.) must be reported immediately to your supervisor.

Obey all traffic laws and speed limits; wear seat belts at all times, maintain a safe speed for road, traffic, and weather conditions; practice defensive driving techniques.

Daily records must be kept for all mileage driven.

Company vehicles will be driven only for transportation to approved destinations and will not be driven for private use unless arrangements have been made in advance.

Only authorized employees are permitted to drive or ride in a Company vehicle.

Only the driver assigned to the vehicle is authorized to sign for gasoline, oil, etc. All charge receipts must include: Name and Address of the Vendor, Date of Purchase, Number of Gallons Purchased, Amount Paid, License Plate Number and Current Mileage at the time of purchase.

Alcohol or illegal drugs will not be allowed in a Company vehicle at any time. No driver who has been drinking alcoholic beverages or is under the influence of drugs will be allowed to drive a Company vehicle.

Vehicles must be properly maintained and kept clean at all times.

Report accident(s) to management immediately - regardless of perceived damage.

Any damage to a Company vehicle caused by employee carelessness or neglect is the responsibility of the employee. In the event of damage, the employee assigned to the vehicle will be responsible for expenses up to the current insurance deductible. Any employee who misuses a Company vehicle or is no longer insurable by the Company's insurance carrier may be subject to dismissal.

## **G. LEAVE OF ABSENCE POLICIES**

### **BEREAVEMENT LEAVE**

If you are a full-time regular employee, and a death occurs in your family, you will be compensated for time lost from your regular work schedule in accordance with the following guidelines. You will be granted up to three (3) consecutive days of leave with pay in the event of the death of a spouse, child, parent, sibling or comparable step relation; up to two days in the event of the death of a grandparent, father-in-law, mother-in-law, son-in-law, or daughter-in-law. Request for bereavement leave should be made to your immediate supervisor. Bereavement time is not counted as time worked for computing non-exempt employee overtime compensation.

### **JURY DUTY AND WITNESS LEAVE**

If you are a full-time regular employee and are summoned to jury duty, the Company will continue your regular salary during the period of jury duty for up to a maximum of three (3) working days at eight (8) hours per day per calendar year, unless local laws dictate otherwise. If the jury service extends beyond three days, employees are allowed to take PTO or leave without pay. You must notify your supervisor as soon as it is known jury duty will be extended. You are also permitted to retain the allowance you receive from the court for such service.

In addition, proof of service must be submitted to your HOSTED RECORDS supervisor and Human Resources when the period of jury or witness duty is completed.

Any employee required by law to appear in court as a witness may take PTO after employee receives prior approval from his or her supervisor to do so.

To qualify for jury or witness duty leave, you must submit to your supervisor a copy of the summons as soon as it is received. You must also provide court-provided verification for each day served for either jury or witness duty upon your return to work.

### **VOTING**

It is the policy of the Company to permit employees to be absent from work to vote in local, state, or national elections. Employees who cannot reach their polling place outside of work hours will be permitted paid time off to vote. The time off to vote may not exceed two hours. Evidence of voter registration and voting may be required.

### **LEAVE WITHOUT PAY (LWOP)**

Leave Without Pay (LWOP) is reserved for use in instances where an employee may not have accrued PTO, or has a negative PTO balance, and special circumstances justify LWOP. An employee requesting LWOP can only be granted after PTO hours has been exhausted, unless the employee is out on Short or Long-term Disability. The Short and Long-term Disability policies take precedence over the Company LWOP policy. PTO will not accrue during LWOP.

Management reserves the right to approve or disapprove any request for LWOP. An employee will not be paid for a holiday if LWOP falls on the business day directly preceding or following the holiday. An employee who takes more than 16 hours of LWOP in one pay period will accrue PTO at a reduced rate. An employee who takes 40 hours or more of LWOP in one pay period will not accrue any PTO during that period. Benefits may be suspended during any LWOP period exceeding a full pay period.

### **PERSONAL NON-FAMILY LEAVE OF ABSENCE**

Employees may be granted a leave of absence to attend to personal matters in situations in which the Company determines that an extended period of time away from the job will be in the best interest of the employee and the Company.

Requests for a leave of absence or any extension of a leave should be submitted in writing to the employee's supervisor 30 days prior to commencement of the leave period, or as soon as is practicable. The supervisor will forward the request to the appropriate manager recommending approval or denial. Management will make the final decision concerning the request. All employees on approved leave are expected to report any change of status in their need for leave or their intention to return to work to their supervisor.

Employees on personal leave will be required to use all accrued personal and vacation days while on leave before going unpaid. The Company will continue health insurance and other benefits to employees on leave for no longer than 12 weeks from the beginning date of leave so long as the employee continues to pay any employee portion of the contribution. Benefits that accrue according to the length of service including PTO do not accrue during the periods of leave.

Employees returning from a personal leave due to an illness or injury must provide a job-related release indicating their ability to perform the function of their job. Any restrictions must be noted on the release.

Employees on an authorized personal leave of absence may not perform work for any other employer that is considered by the Company to be an actual or potential conflict of interest.

It is possible that an employee returning from a personal leave of absence may not be returned to the same job position that they held before taking leave. If an employee fails to return to work at the conclusion of an approved leave of absence, including any extension of the leave time, the employee will be considered to have voluntarily terminated employment with the Company.

## **FAMILY AND MEDICAL LEAVE**

The Company grants family and medical leave of absence to "eligible employees" for:

1. the birth of an employee's child and to care for the newborn child within one year of birth;
2. the placement with the employee of a child for adoption or state-approved foster care;
3. the care of an employee's spouse, child or parent ("family member") who has a serious health condition; or
4. the employee's serious health condition, which prevents the employee from performing any one essential function of the employee's position;
5. care of an employee's spouse, son, daughter, or parent for a covered military member on "covered active duty" with a serious injury or illness.

A serious health condition is an illness, injury, impairment or physical or mental condition that involved either inpatient care or continuing treatment by a health care provider.

### **Eligible Employee**

An active full-time or part-time employee is eligible for family and medical leave under the Family and Medical Leave Act provided that on the date the employee requests leave:

1. the employee must have worked for the Company and/or the client for at least 12 months or 52 weeks;
2. the employee must have worked at least 1,250 hours during the 12-month period immediately preceding the commencement of leave.

### **Length of Leave**

An eligible employee is entitled to a total of 12 workweeks of unpaid leave within a 12-month period. The Company has elected a rolling twelve (12) month period to calculate leave. The amount of leave available to an employee will be calculated by the looking backward at the amount of leave taken within the 12-month period immediately preceding the first date of leave. Leave taken for the care of a newborn child or placement for adoption or foster care must be taken as an uninterrupted, continuous leave of absence and must be taken within 12 months of the birth or placement of the child. If both husband and wife are employed by the Company, and are eligible for leave, except for leave due to the employee's serious health condition, the two may take a combined total of 12-weeks. Intermittent leave or a reduced schedule may be approved for the employee's serious health condition or a family member's serious health condition where medically necessary and where the need for such leave is best accommodated through such scheduling. An employee requesting intermittent leave/reduced schedule may be transferred temporarily to an available alternative position with equivalent pay and benefits, or to a part-time position if such a position better accommodates the need for intermittent leave/reduced schedule. An employee whose spouse, son, daughter, parent may take up to 26 weeks in a 12-month period to care for a "covered service member" with a serious injury or illness.

### **Substitution of Leave**

An employee taking family medical leave due to the employee's serious health condition must substitute all accrued sick leave, unused paid vacation, personal leave, paid time off and short-term salary continuation, if applicable, before continuing leave on an unpaid basis. An employee taking leave for reasons other than an employee's own serious health condition must exhaust all accrued unused paid vacation, personal leave and paid time off before continuing leave on an unpaid basis. Any family and medical leave, whether paid, unpaid, or a combination thereof, will be counted toward the 12-week leave entitlement.

### **Employee Notification Requirements**

If an employee expects to take family medical leave, the employee is expected to make every effort to notify their on-site supervisor of the intention to take leave at least 30 days in advance of the expected leave. Following proper notification, the employee must complete a Leave of Absence Request (do you have this form?) form and provide any required medical certification.

If the need for leave is not foreseeable, the employee must provide notification of leave to their onsite supervisor as soon as is practicable under the circumstances. An employee's failure to provide 30 days advance notification for foreseeable leave may result in a delay of leave.

### **Medical Certification**

An employee who takes leave for the employee's serious health condition or to care for a family member with a serious health condition must submit to Human Resources, a written medical certification of the need for such leave from the applicable health care provider. Failure to provide the certification in a timely manner may result in a delay of leave. The Company may request a second or third medical opinion at the Company's expense for verification of an employee's serious health condition. The opinion of the third health care provider, who is approved jointly by the Company and the employee, shall be final and binding on the Company and the employee. In addition, while the employee is on leave, the Company may require the employee to provide periodic recertification of the employee's medical condition (not to exceed once every 30 days) and the Company may inquire as to the employee's intentions to return to work.

An employee on uninterrupted, continuous leave due to the employee's own serious health condition will be required to provide a job-related medical certification of fitness before the employee is allowed to return to work. Failure to provide this certification may result in the delay or denial of job restoration.

## **BENEFITS CONTINUATION**

The same health care benefits coverage to an employee on the day prior to taking family and medical leave will be maintained for up to the 12-weeks or as required by law, provided the employee continues to pay any required contribution for benefits. Employees who are on leave are responsible for making their periodic payment of their required benefit contribution to the Company at the current corporate address by the 10<sup>th</sup> of each month or coverage may be cancelled.

Upon completion of the 12-week leave, or if an employee fails to return to work at the end of the leave, a loss of coverage will occur, and continuation of health care coverage would be offered through COBRA. An employee who does not return from leave may be required, under certain circumstances provided by the Act, to reimburse the Company for any employee contributions paid by the Company while the employee was on unpaid leave.

While on leave, an employee must continue to pay the employee's contributions or loan payments for any applicable benefits which would otherwise be automatically deducted from the employee's wages (e.g. supplemental life insurance, credit union loans, and 401(k) loans). Contact your on-site supervisor regarding employee contributions and/or loan payments.

The period of time an employee is on family and medical leave will be treated as continued service for purposes of vesting and eligibility to participate under any available pension or retirement plan. Absences due to leave will not be counted as time worked for the purpose of seniority or computing personal leave.

## **Job Restoration**

An employee will be returned to the same or an equivalent position when the employee returns from family and medical leave, with no loss of benefits accrued prior to leave. An employee who does not return to work at the end of an authorized leave is subject to termination of employment. In the event an employee's position with the Company is affected by a decision or event not related to the employee's leave of absence, e.g., job elimination due to a reduction in force, the employee will be affected to the same extent as if he was not leave.

Certain "key employees" as defined under The Family and Medical Leave Act (FMLA) of 1993 may not be eligible to be restored to the same or an equivalent position after leave if doing so would cause substantial and grievous economic injury to the operations of the assigned Company. The Company will notify such employees of their "key employee" status and the conditions under which job restoration will be denied, if applicable.

## **WORKERS' COMPENSATION/FAMILY AND MEDICAL LEAVE**

With some exceptions, an absence related to a workers' compensation injury is not counted against an employee's family and medical leave entitlement. If an employee who was injured on the job as a result who suffered a "serious health condition" declines the offer of a medically-approved "light duty" position, the employee should notify their on-site supervisor that he chooses to exercise his family and medical leave rights, if he is so eligible. If the employee accepts the "light duty" position in lieu of any family and medical leave or returns to work within 12 weeks after the date of injury, the employee will retain his right to be restored to the same or an equivalent position until 12 weeks have passed unless a decision or event not related to the employee's leave of absence occurs which results in the termination of the employee or the elimination of the job position.

## **Questions about Family and Medical Leave**

If you have any questions about your rights or responsibilities under this policy, contact Human Resources. The Company complies with all applicable federal, state and local laws in administering this policy.

## **MILITARY LEAVE OF ABSENCE**

The Company is committed to protecting the job rights of employees absent on military leave (USERRA) in accordance with the federal and state laws. It is the Company's policy that no employee or prospective employee will be subjected to any form of discrimination on the basis of that person's membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied employment, reemployment, promotion, or other benefit of employment on the basis of such membership. Furthermore, no person will be subjected to retaliation or adverse employment action because such person has exercised his or her rights under applicable law or this policy. If any employee believes that he or she has been subjected to discrimination in violation of this policy, the employee should immediately contact the Human Resources Department.

### **Eligibility**

Employees taking part in a variety of military duties are eligible for benefits under this policy. Such military duties include leaves of absence taken by members of the uniformed services, including Reservists, National Guard members for training, periods of active military service, and funeral honors duty, as well as time spent being examined to determine fitness to perform such service. Subject to certain exceptions under the applicable laws, these benefits are generally limited to five years or leave of absence.

### **Procedures for Military Leave**

1. Unless military necessity prevents it, or is otherwise impossible or unreasonable, an employee should provide the Company with notice of the need for leave as far in advance as is reasonable under the circumstance. Written notice is preferred, but not required under the law or this policy.
2. To request a temporary or extended military leave of absence, the employee should generally request a leave of absence from their supervisor. However, a written application is not required under the law or this policy.
3. Human Resources will review request for leave of absence, collect any applicable insurance premiums from the employee, generate other applicable documents, and process accordingly.
4. Employees may, at their option, use any or all accrued PTO during their absence.
5. When the employee intends to return to work, he or she must make application for reemployment to Human Resources within the application period set forth below.
6. If the employee does not return to work, the supervisor must notify Human Resources so that appropriate action may be taken.

### **Benefits**

If an employee is absent from work due to military service, benefits will continue as follows:

1. An employee on extended military leave may elect to continue group health insurance coverage for the employee and covered dependents under the same terms and conditions for a period not to exceed 31 days from the date the military leave of absence begins. The employee must continue to remit the regular monthly premiums normally deducted from the employee's payroll every paycheck. After the initial 31 day period, the employee and covered dependents can continue group health insurance up to 18 months (36 months in some cases) at up to 102% of the overall (both employer and employee) premium rate.
2. The group life term/AD&D insurance provided by the Company will terminate the day the employee becomes active military.
3. The group short term and long term disability insurance provided by the Company will terminate the day the employee becomes active military.
4. The group Long Term Care insurance provided by the Company will terminate the day the employee becomes active military.
5. Employees do not accrue PTO while on military leave of absence status.

6. With respect to the Company's retirement plan, upon reemployment, employees who have taken military leave will be credited for purposes of vesting with the time spent in military service and will be treated as not having incurred a break in service. Immediately upon reemployment, the employee may, at the employee's election, make any or all employee contributions that the employee would have been eligible to make had the employee's employment not been interrupted by military service. Such contributions must be made within a period that begins with the employee's reemployment and that is not greater in duration than three times the length of the employee's military service. Employees will receive all associated Company match for such contributions.
7. Voluntary supplemental life/AD&D insurance will terminate the day the employee becomes active military. Converting to an individual policy may continue voluntary dependent life insurance coverage. To exercise this conversion option, dependents must submit a written application and the first premium payment within 31 days immediately following the termination of coverage.

### **Reemployment**

Upon an employee's prompt application for reemployment (as defined below); an employee will be reinstated to employment in the following manner depending upon the employee's period of military service:

1. Less than 91 days of military service - (i) in a position that the employee would have attained if employment had not been interrupted by military service; or (ii) if found not qualified for such position after reasonable efforts by the Company, in the position in which the employee had been employed prior to military service.
2. More than 90 days and less than 5 years of military service - (i) in a position that the employee would have attained if employment had not been interrupted by military service,  
or a position of the seniority, status and pay, the duties of which the employee is qualified to perform; or (ii) if provided not qualified after reasonable efforts by the Company; in the position the employee left, or a position of like seniority, status and pay, the duties of which the employee is qualified to perform.
3. Employee with a service-connected disability - if after reasonable accommodation efforts by the employer, an employee with a service-connected disability is not qualified for employment in the position he or she would have attained or in the position that he or she left, the employee will be employed in (i) any other position of similar seniority, status and pay, for which the employee is qualified or could become qualified with reasonable efforts by the Company; or (ii) if no such position exists, in the nearest approximation consistent with the circumstances of the employee's situation.

### **Application for Reemployment**

An employee who has engaged in military service must, in order to be entitled to the reemployment rights set forth above, submit an application for reemployment according to the following schedule:

1. If service is less than 31 days (or for the purpose of taking an examination to determine fitness for service) - the employee must report for reemployment at the beginning of the first full regularly scheduled working period on the first calendar day following completion of service and the expiration of eight hours after a time for safe transportation back to the employee's residence.
2. If service is for 31 days or more but less than 181 days - the employee must submit an application for reemployment with Human Resources no later than 14 days following the completion of service.
3. If service is over 180 days - the employee must submit an application for reemployment with the Company's Human Resources no later than 90 days following the completion of service,

4. If the employee is hospitalized or convalescing from a service-connected injury – the employee must submit an application for reemployment with Human Resources no later than two years following completion of service.

### **Exceptions to Reemployment**

In addition to the employee's failure to apply for reemployment in a timely manner, an employee is not entitled to reinstatement as described above if any of the following conditions exist:

1. The Company's circumstances have so changed as to make reemployment impossible or unreasonable.
2. Reemployment would pose an undue hardship upon the Company.
3. The employee's employment prior to the military service was merely for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period.
4. The employee did not receive an honorable discharge from military service.

### **General Benefits of Reemployment**

Employees reemployed following military leave will receive seniority and other benefits determined by seniority that the employee had at the beginning of the military leave, plus any additional seniority and benefits the employee would have attained, with reasonable certainty, had the individual remained continuously employed. An employee's time spent on active military duty will be counted toward their eligibility for FMLA leave once they return to their job at the Company. Additionally, upon reemployment, a covered employee will not be discharged except for cause for up to one year following reemployment.

### **Documentation**

An employee's manager will, upon the employee's reapplication for employment, request that the employee provide the Company with military discharge documentation to establish the timeliness of the application for reemployment, the duration of the military service, and the honorable discharge from the military service.