

# Employee Handbook

Kiernan Group Holdings, Inc.

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# 1. Introduction

## 1.1 Welcome and Purpose

This handbook is designed to acquaint you with Kiernan Group Holdings, Inc. (hereinafter referred to as “Company” or “KGH”) and provide you with general information about working conditions, benefits and policies affecting your employment.

The information contained in this handbook applies to all employees of KGH. Following the policies detailed within the handbook is considered a condition of continuous employment. The contents of this manual shall not constitute nor be construed as a promise of employment or as a contract between KGH and any of its employees. The handbook is a summary of company policies, which are presented here only as a matter of information.

You are responsible for reading, understanding and complying with the provisions of this handbook. Our objective is to provide you with a work environment that is constructive to both personal and professional growth.

## 1.2 Mission Statement

Our mission is to retain and expand our customer base through superior, personalized service. We have carefully selected you as a staff member because we believe that you will provide the high-quality service that continually makes us the best in the business. We believe that consistent, ethical and quality performance in all of our endeavors is the key to success and will result in loyal, mutually beneficial relationships. As a member of our staff, dedication to providing the best service to our customers is your number-one priority.

To fulfill this mission, we are committed to:

- Providing competitively priced products and high-quality service
- Exceeding customer expectations
- Being up to date with new technologies that may benefit us
- Rewarding employee achievement
- Selflessly serving and supporting the community
- Building partnerships

## 2 Employment Policies

### 2.1 At-will Employment Statement

While we hope to have a long and profitable relationship with you, your employment with the Company is voluntary and is subject to termination by you or the Company at will, with or without cause, and with or without notice, at any time.

None of the information provided in our policies signifies a contractual agreement or should be interpreted to conflict with, eliminate or modify in any way your employment-at-will status with the Company.

### 2.2 Americans with Disabilities

KGH will comply with all federal and state laws concerning the employment of persons with disabilities and to act in accordance with regulations and guidance issued by the Equal Employment Opportunity Commission (EEOC). Furthermore, it is the company policy not to discriminate against qualified individuals with disabilities in regard to application procedures, hiring, advancement, discharge, compensation, training or other terms, conditions and privileges of employment. Consistent with this policy, the Company will provide reasonable accommodations to a qualified individual with a disability, as defined by the ADA, who have made the Company aware of their disability, provided that such accommodation does not constitute an undue hardship on the Company. Employees with a disability who believe they need a reasonable accommodation to perform the essential functions of their job should contact the Human Resources.

### 2.3 Background Check

KGH carefully selects quality employees. Background checks help to ensure that new employees have the skills for the job and have performed well in the past.

The Company conducts background checks on all job candidates after a contingent offer of employment has been extended. A background check may also be completed during reassignment or promotion of an employee. A third-party administrator may be used to conduct the background checks, and all background checks will be compliant with applicable laws, such as the Fair Credit Reporting Act.

The information that may be collected includes, but is not limited to:

- Criminal background
- Employment history
- Education
- Credit
- Professional and personal references

Criminal background checks may not be used as the sole reason for denying employment, unless it is job-related. Regardless, the Company has the right to make the final decision about employing an individual after the background check is complete.

Checking professional and personal references is an important part of the background check process. This provides the Company with information on the potential employee's work ethic, skills and performance.

Information obtained from the background check process, including information from professional and personal references will be used by the Company only as part of the employment process and will be kept confidential by Human Resources.

## 2.4 Disciplinary Action

It is our intent to encourage fair, efficient and equitable solutions for problems arising out of the employment relationship and to meet the requirements of state and federal law. We reserve the right to discipline employees for various workplace infractions, including but not limited to: violation of company policy, inability to meet the requirements of the position, or substandard work performance. Disciplinary measures may include, but are not limited to:

- Verbal warning (documented) for minor offenses.
- Written warning for more severe or repeated violations.
- Suspension without pay, if verbal and written warnings do not prove to be sufficient.
- Termination of employment

KGH reserves the right to exercise discretion in discipline. Prior warning is not a requirement for termination.

If you are disciplined in writing, copies of your warnings are placed in your personnel file.

## 2.5 Employee Classification

Employees are classified as either exempt or non-exempt for pay administration purposes, as determined by the federal Fair Labor Standards Act (FLSA).

The definitions of the worker classification categories can be summarized as follows:

**Exempt**—Management, supervisory, professional, sales or administrative employees whose positions meet FLSA standards, are exempt from overtime pay requirements.

**Non-exempt**—Employees whose positions do not meet the FLSA exemption standards are paid overtime. Employees classified as non-exempt generally work in non-supervisory, non-professional or non-administrative capacities. Overtime work, however, is prohibited without specific supervisor authorization.

In addition, each employee's status is defined as one of the following:

**Full-time** - Employees who work a minimum of **40** hours per week are considered to be full-time. Such full-time employees are eligible for benefits after applicable requirements for length of service have been met.

**Part-time** - Employees who work less than **32** hours per week are considered to be part-time. Employees who work **32** hours or less per week, or who work on a temporary project basis, will receive all legally mandated benefits (such as workers' compensation and Social Security benefits), but are ineligible for other benefit programs.

**Temporary** - Temporary employees are those engaged to work either part-time or full-time on KGH's payroll, but have been hired with the understanding that their employment will be terminated no later than upon their completion of a specific assignment. This category includes interns and co-op students. Such employees may be either "exempt" or "non-exempt" but are not eligible for benefits except as mandated by law.

**Independent contractors** - Consultants, freelancers or independent contractors are not employees of KGH. The distinction between employees and independent contractors is important because employees may be entitled to participate in the Company's benefits programs, while independent contractors are not. In addition, KGH is not required to withhold income taxes, withhold and pay

Social Security and Medicare taxes or pay unemployment tax on payments made to an independent contractor.

## 2.6 Employee Files

Employee files are maintained by the Human Resource (HR) department and are considered confidential. Employee files include:

1. Personnel files: job application, letters of reference, position description, resume, salary history, performance appraisals, disciplinary actions
2. Medical Forms: medical disability forms, work place illness or injury forms
3. I-9 Forms

Managers may only have access to personnel file information on a need-to-know basis. A manager considering the hire of a former employee or the transfer of a current employee may be granted access to the file, or limited parts of it, in accordance with anti-discrimination laws.

In accordance with state law, employees may be granted permission to view their personnel file. Requests to view files should be made to Human Resources.

Personnel files are to be reviewed only in the HR department.

Employees are responsible for notifying the HR of any changes in personal status on a timely basis. Relevant changes in status include:

- Name change
- Address change
- Change in marital status
- Emergency contact information
- Beneficiary changes
- Change in dependents
- Change in tax withholding

## 2.7 Employment of Relatives

Members of your immediate family will be considered for employment on the basis of their qualifications. Your immediate family may not be hired, however, if it would:

- Create a direct supervisor-subordinate relationship with a family member;
- Have the potential for creating an adverse effect on work performance; and
- Create either an actual conflict of interest or the appearance of a conflict of interest

This policy must be considered when hiring, assigning or promoting an employee.

If a circumstance arises that results in a direct supervisory relationship between immediate family or close personal relatives, one of the relatives may be reassigned to an appropriate vacancy. During the period that a direct supervisory relationship exists between immediate family members or close personal relatives, the supervisory relative will not be involved in any personnel action involving his

or her relative. Typical first-level supervisory responsibilities will be referred to the next higher level in the supervisory chain.

For purposes of this policy, your immediate family includes your mother, father, husband, wife, son, daughter, sister, brother, mother-in-law, father-in-law, sister-in-law, brother-in-law, son-in-law, daughter-in-law, stepchild, stepparent, grandchild or grandparent. This policy also applies to close personal relatives such as uncles, aunts, first cousins, nephews, nieces or half-siblings.

## 2.8 Equal Employment Opportunity

It is our policy to provide an equal employment opportunity to all individuals. We are committed to a diverse workforce. We value all employees' talents and support an environment that is inclusive and respectful. We are strongly committed to this policy, and believe in the concept and spirit of the law.

We are committed to assuring that:

- All recruiting, hiring, training, promotion, compensation and other employment-related programs are provided fairly to all persons on an equal opportunity basis;
- Employment decisions are based on the principles of equal opportunity. All personnel actions such as compensation, benefits, transfers, training, and participation in social and recreational programs are administered without regard to any characteristic protected by state, federal or local law;
- Employees and applicants will not be subjected to harassment, intimidation, threats, retaliation, coercion or discrimination because they have exercised any right protected by law; and

Reasonable accommodations will be made for disabilities and religious beliefs. We believe in and practice equal opportunity. Human Resources serve as our Equal Opportunity Coordinator and have overall responsibility for assuring compliance with this policy. All employees are responsible for supporting the concept of equal opportunity and diversity and assisting our Company in meeting its objectives.

## 2.9 I-9 Immigration Reform

KGH complies with the Immigration Reform and Control Act of 1986 by employing only United States citizens and non-citizens who are authorized to work in the United States. All employees are asked on their first day of employment to provide original documents verifying the right to work in the United States and to sign a verification form required by federal law (INS Form I-9). If an individual cannot verify his or her right to work within three days of hire, KGH must terminate his or her employment.

## 2.10 Internal Transfers and Promotions

KGH offers qualified employees the opportunity to seek career development and growth through transfers and promotions. Employees who meet the minimum qualifications of an available position, are in good standing and have been in their current position for at least one year are eligible for consideration. Employees who wish to be considered must inform their Manager of their intent to apply.

**Transfer:** A transfer is a lateral move to a vacant position in either the employee's current department or a new department. A transfer will not normally result in a change in compensation.

**Promotion:** A promotion is a move by an employee to a vacant position at a higher responsibility level either within the current department or in a new department. Promotions may result in a salary increase at the time of promotion.



## 2.11 Orientation Period

For all employees hired by KGH, the first 90 days of employment are considered to be an orientation period. During this time, the employee will undergo training and orientation as directed by the employee's manager. The employee's manager will also monitor the employee's performance during this time period.

During the first 90 days of employment, the employee is encouraged and expected to ask questions concerning his or her job responsibilities, and to determine if he or she is satisfied with the position. If the employee's job performance is found to be unsatisfactory by his or her manager at any time during the first 90 days of employment, the employment will be terminated.

All new employees will receive a confidential performance evaluation from their manager at the end of the orientation period. At that time, the employee will be eligible for employee benefits.

## 2.12 Performance Evaluation

KGH is committed to providing you with feedback, both formal and informal, about employee performance on the job. Managers are responsible for providing ongoing performance feedback to each employee on a regular, informal basis. Employee performance will be formally evaluated at the following times:

- At the completion of the 90 day orientation period;
- In June/July for an interim/progress review; and
- In December to review the previous year's performance.

Performance evaluations will include a review of your strengths, areas for improvement and status against goals and objectives. Specific performance problems may be addressed outside the performance appraisal cycle through either informal discussions or formal disciplinary action. Formal performance feedback becomes a part of your personnel file.

## 2.13 Physical Examination

KGH may require a mandatory, job-related medical examination when there is a need to determine if an employee can perform the mandatory functions of his or her position. This exam will identify physical limitations or restrictions. A medical examination may also identify significant health or safety risks to the employee or others by identifying infectious diseases, or other medical monitoring as required by medical standards, professional licensing bodies or standards established by federal, state or local law.

The cost of the mandatory medical examinations rests with the Company. The employee is not responsible for paying any of the costs for these procedures.

## 2.14 Telecommuting

KGH may consider telecommuting work arrangements that support eligible employees in performing their work at an alternative worksite when it is feasible, meets departmental goals and project work requirements and deliverables. Telecommuting is a privilege, not a universal benefit or employee right. The company has the right to offer telework to an employee and to terminate or suspend a telecommuting arrangement at any time. Telecommuting is a voluntary program unless specifically stated as a condition of employment.

The employee's compensation, benefits, and work responsibilities will not change due to participation in the telecommuting program. The amount of time the employee is expected to work per day or pay period will not change as a result of participation in the telecommuting program. Telecommuting employees must comply with all company rules, policies, and procedures, including conducting work during KGH's standard workweek, which is 8:00 a.m. to 5:00 p.m. Monday through Friday.

## 2.15 Termination of Employment

It is our policy to ensure that employee terminations are handled in a professional manner with minimal disruption to ongoing work functions. Terminations include:

**Voluntary Termination:** A voluntary termination of employment occurs when an employee informs his or her manager of their intent to leave. Employees are asked to provide at least two weeks written notice to their manager when leaving the company. Employees who fail to report to work for three consecutive workdays without notifying their manager will be considered to have voluntarily resigned from their position.

**Reductions-in-Force:** A reduction-in-force (RIF) occurs when KGH must abolish a position due to changing priorities, budgetary constraints or other business conditions. A RIF can also occur when a position changes so significantly that the employee is no longer able to perform the required duties.

**Involuntary Terminations:** An involuntary termination of employment is a management-initiated dismissal. The inability of an employee to perform the essential functions of his or her job with or without a reasonable accommodation may result in an involuntary termination. An employee may also be discharged for any legal reason, e.g., a felony conviction, misconduct, tardiness, absenteeism, unsatisfactory performance or inability to perform. All involuntary terminations will be reviewed and approved by the CEO or Chief of Staff and Human Resources.

### Procedures

- Human Resources will coordinate out-processing with all relevant parties including payroll, security, administration and management.
- The last day worked will be considered the last day of employment. PTO may not be used to extend the last day of employment. Accrued, but unused PTO will be paid out.
- Outstanding financial obligations owed to KGH will be deducted from your final check. If your final check does not sufficiently cover the money owed to the Company, you will remain liable for that amount.
- Parking cards, office keys, Company equipment and building passes must be returned at this time, along with all other Company property and confidential information.
- Except as required by law or by separate agreement, employee salary and benefits will end on the date of termination.

If you leave KGH in good standing, you may be considered for re-employment.

Upon resigning from KGH please continue to provide us with an accurate address for at least one year for tax purposes.

## 2.16 Verification of Employment

All inquiries or requests for personnel information, including but not limited to employment verifications, credit checks, home loan applications, etc. are to be referred to Human Resources. Responses to such inquiries will confirm only dates of employment, wage rates, and position title.

## 3 Workplace Conduct

### 3.1 Anti-discrimination

KGH does not discriminate against anyone based on race, color, ethnicity, religion, gender, sexual orientation, disability status or any other trait that is protected under local, state or federal law. In addition, we do not allow discrimination of any kind in the workplace. We are an equal opportunity employer and also take affirmative action measures against discrimination in all aspects of employment and Company business. This policy applies not only to personnel decisions, but also to all aspects of business.

We ask that you respect those around you—co-workers, customers and management alike.

Any reports of discrimination will be investigated and disciplinary measures will be taken.

### 3.2 Attendance & Standard Working Hours

Standard working hours are from 8:00 a.m. to 5:00 p.m., Monday through Friday, with a one-hour lunch break to be completed between 11:00 a.m. and 2:00 p.m. KGH expects all full-time employees to adhere to these hours. Employees must notify their manager as soon as possible if they need to deviate from the standard schedule.

Staffing needs or operational demands may necessitate a deviation from the standard workweek. KGH will evaluate those occasions and make adjustments as necessary.

### 3.3 Code of Ethics

KGH maintains specific policies in an attempt to assist employees in adhering to certain standards of conduct. These policies are in place to preserve the Company's reputation and prevent adverse consequences to all parties involved. This particular policy is designed to establish standards of conduct with respect to payments and political contributions.

#### **Prohibition of Improper Payments**

The Company requires all employees to only use lawful practices involving payments to customers, political parties, officials, candidates or governmental authorities. As a result, kickbacks and bribes offered with the intent of inducing or rewarding specific buying decisions or actions are strictly prohibited. No Company employee may offer to make direct or indirect payments of value in the form of compensation, gifts or contributions to any of the following:

- Persons or firms employed by or acting on behalf of a customer (private or governmental) for the purpose of rewarding favorable actions in a transaction.
- Any governmental officials, political parties or officials of a party or candidate for political office, for the purpose of rewarding favorable actions or influence of the official, party or candidate.

These restrictions are not applicable to ordinary, reasonable business entertainment expenses and gifts of no substantial value. Management should exercise sound judgment and discretion with regard to controlling and authorizing these business expenses on a regular basis.

#### **Political Contributions**

The Company will not make any contributions to any political party or candidate for political office in violation of federal or state law. Federal law generally prohibits corporations from making contributions or expenditures in connection with a political campaign, subject to some limited exceptions. There are, however, various states that do allow corporate contributions to political parties and candidates in conjunction with state and local elections.

## **Reporting to Management**

Any employee who must authorize, make or agree to a payment that may be contrary to this policy must report this information to his or her manager or to the Company's CEO or HR. If an employee learns that a coworker is engaging in conduct contrary to this policy, the employee must report this information immediately to his or her manager, the CEO, or HR immediately. Management personnel who receive a report will promptly discuss the issue with legal counsel for further investigation.

## **Antitrust Laws**

Antitrust laws are relevant to many business decisions, and those who engage in illegal actions against such laws are subject to fines and imprisonment. Management will help guide employees in abiding by antitrust decrees applicable to the Company. The Company intends to comply with all U.S. antitrust laws applicable to normal business operations and will hold employees responsible for abiding by these laws as well.

In compliance with Section I of the Sherman Antitrust Act:

1. No employee may enter into an agreement (expressed or implied, formal or informal, written or oral) with any competitor restricting any of the following conditions or business offering:
  - Prices
  - Costs
  - Profits
  - Offerings of products and services
  - Terms of sale conditions
  - Production or sales volume
  - Production capacity
  - Market share
  - Quote decisions
  - Customer selection
  - Sales territories
  - Distribution methodology
2. No employee may enter into an agreement with a purchaser or lessee restricting the right of the purchaser or lessee to determine the price to resell or lease the product in question. Employees may also not enter in such agreements when the Company is the purchaser or lessee in the agreement.
3. The following situations may be in violation of antitrust laws under certain circumstances. Employees may not enter into these agreements without consulting legal counsel in advance and obtaining clearance to enter into such agreements.
  - Agreements with customers or suppliers regarding the sales or purchases of reciprocal purchases or sales by customers or suppliers.
  - Agreements with purchasers or lessees of products of the Company that would restrict customers from using or reselling products as they choose to do so.
  - Agreements with any party that would restrict all parties involved to manufacture a product or provide a service to a third party.

## **Exchange of Information with Competitors**

Communication with competitors would be an infringement of antitrust laws, specifically if the communication were accompanied by some action. The prohibitions of this policy are intended to avoid antitrust infringements. Under this policy, no employee may discuss information on any subject with a competitor or another third party acting on behalf of a competitor to remain compliant with Section I of the Sherman Antitrust Act; unless the Company's legal counsel determines that the communication would not violate antitrust laws.

When participating in trade associations and other meetings with competitors, employees may not attend:

- Unauthorized meetings with competitors.
- Meetings where the communication with competitors is in violation of the paragraph above.
- Meetings for trade associations held to discuss business without adhering to the formal rules established by the trade association for its meetings.

Employees must recognize that participating in development and product certification events impacting competitors or suppliers may initiate antitrust violations. Consult with the Company's legal counsel before attending any event that may develop standards or certify products with competitors.

### **Violations of this Policy**

If an employee violates this policy, he or she may be subject to termination or other disciplinary action to prevent future violations. The following individuals may be subject to disciplinary action or termination:

- Employees who are in direct violation of this policy.
- Employees who deliberately withhold information concerning the violation of this policy or fail to report a violation of this policy.
- Management personnel who fail to report violation of this policy by their subordinates.

If an employee is accused of violating antitrust laws, yet he or she did consult legal counsel and acted in good faith, the employee may not face disciplinary action under this policy. The Company may also assist in the employee's defense, within the confines of the law.

### **3.4 Complaint Disposition**

KGH strives to openly communicate with all employees. Employee may raise concerns with their manager, Human Resources or the Chief of Staff. Any concerns employees have should be promptly reported to management so that a solution may be devised.

When a complaint is voiced, we will do our best to remedy the situation. While every employee may not be satisfied with every solution, we do value the input that employees provide and want to foster an environment where all employees feel comfortable reporting their concerns.

### **3.5 Confidential Information & Company Property**

During your employment at KGH, you may have access to confidential and proprietary data, which is not known by competitors or within the company's field of business generally. This information (hereinafter referred to as "Confidential Information") includes, but is not limited to: data relating to the Company's marketing and servicing programs; procedures and techniques; the criteria and formula used by the Company in pricing its products and services; the structure and pricing of special packages that the Company has negotiated; lists of customers and prospects; the identity, authority and responsibilities of key contacts at Company accounts; the composition and organization of accounts' businesses; the peculiar risks inherent in their operations; sensitive details concerning the structure, conditions, and extent of their existing products and services; contract expiration dates;

commission rates; service arrangements; proprietary software, Web applications and analysis tools; and other data showing the particularized requirements and preferences of the accounts. This Confidential Information is a valuable asset of the Company, developed over a long period of time and at substantial expense.

To protect the Company's interest in this valuable asset, you must (a) not use any such Confidential Information for your personal benefit or for the benefit of any person or entity other than the Company, and (b) use your best efforts to limit access to such Confidential Information to those who have a need to know it for the business purposes of the Company. In addition, you should minimize those occasions on which you take documents, computer disks or a laptop containing such Confidential Information outside the office. On those occasions where it is necessary, consistent with the best interests of the Company and doing your job effectively, to take documents, computer disk or a laptop containing Confidential Information outside the office, all appropriate precautionary and security measures should be taken to protect the confidentiality of the information.

During the course of your employment with the Company, you will be provided with and will generate correspondence, memoranda, literature, reports, slide presentations, audio and video products, summaries, manuals, proposals, contracts, customer lists, prospect lists, and other documents and data concerning the business of the Company. Any and all such records and data, whether maintained in hard copy or on a computer or other medium, are the property of the Company, regardless of whether it contains Confidential Information. Upon termination of your employment at the Company, you are required to return all such records to the Company and may not retain any copy of such records or make any notes regarding such records. We reserve the right to search for such information and property in personal items while on Company premises such as vehicles, purses, briefcases, etc.

### **3.6 Conflicts of Interest**

All employees have a duty to further the Company's aims and goals, and to work on behalf of its best interest. Employees should not place themselves in a position where their actions or personal interests may be in conflict with those of KGH. Examples include: soliciting or profiting from the Company's client or prospect base or other Company assets for personal gain; acting on behalf of KGH in servicing or obtaining a client, and limiting the best solution for the client or prospect for personal financial gain; and acting as director, officer, employee or otherwise for any business or institution with which KGH has a competitive or significant business relationship without the written approval of the Chief Executive Officer.

Employees should report to their manager any situation or position (including outside employment by an employee or any member of an employee's immediate household) which may create a conflict of interest or a perceived conflict of interest with KGH.

### **3.7 Dress Code**

Dress code standards contribute to the morale of all employees and affect the business image KGH presents to its clients and visitors. At all times, employees are expected to present a professional business-like image to customers, prospects and peers. The following dress standards apply to all employees:

#### **Traditional Business Attire:**

- For men, traditional attire includes a business suit, jacket or blazer, and tie.
- For women, traditional attire includes a business suit, jacket or blazer with a sweater or blouse along with a skirt or pants. Business dresses or coordinated ensembles are also considered traditional attire for women.

#### **Inappropriate Attire and Appearance Guidelines:**

- Blue jean clothing of any color or style, casual shorts, leggings, jogging suits or sweat suits and socks
- Sweatshirts, T-shirts, tank tops or oversized shirts
- Sundresses, tank tops, capri pants (or pedal pushers) or other trendy wear including exceptionally short dresses or skirts and crop tops
- Clothing made of fleece, flannel, leather or spandex
- Any clothing item displaying an offensive comment or graphic illustration or logo clothing including sport teams, cartoon characters, etc., unless otherwise specified
- Jewelry (or other objects of personal expression, such as visible tattoos) that is distracting, large or represents an unprofessional image as determined by such as large chains, facial jewelry, nose rings, etc.
- Dirty, ragged, ungroomed, sexually provocative, revealing or see-through clothing or appearance
- Any other attire or appearance deems to be inappropriate in the business environment

At the discretion of management, an employee whose personal appearance is questionable for the work environment may be required to leave the office or work event. Continued violations of the dress code policy will result in disciplinary action.

### **3.8 Driving While on Company Business**

Employees who drive while on company business must possess a current valid driver's license and must follow all federal, state and local traffic and safety regulations while operating their vehicle. In addition, employees are also expected to adhere to all KGH workplace conduct and safety policies.

KGH is not responsible for any moving traffic violations, parking tickets or any other city ordinances or state or federal laws regarding your driving habits and operation and care of your personal motor vehicle while driving on company business. Any tickets issued are the employee's responsibility, even if the ticket is issued while conducting business for KGH.

We encourage all drivers to:

- Use your best judgment when road conditions are poor. Limit or avoid driving when rain or snow threatens your safety;
- Do not drive if your ability to drive safely is impaired by the influence of medications, drugs or alcohol; and
- Disable electronic devices while operating a vehicle.

### **3.9 Drug-free Workplace**

We recognize alcohol and drug abuse as potential health, safety and security problems. It is expected that all employees will assist in maintaining a work environment free from the effects of alcohol, drugs or other intoxicating substances. Compliance with this Drug-free Workplace Policy is made a condition of employment.

Employees are prohibited from the following when reporting for work, while on the job, on Company or customer premises or surrounding areas, or in any vehicle used for Company business:

- The unlawful use, possession, transportation, manufacture, sale, dispensation or other distribution of an illegal or controlled substance or drug paraphernalia
- The unauthorized use, possession, transportation, manufacture, sale, dispensation or other distribution of alcohol

- Being under the influence of alcohol or having a detectable amount of an illegal or controlled substance in the blood or urine (“controlled substance” means a drug or other substance as defined in applicable federal laws on drug abuse prevention)

Any employee violating these prohibitions will be subject to disciplinary action up to and including termination.

Any employee convicted under any criminal drug statute for a violation occurring while on the job, on Company or customer premises, or in any vehicle used for Company business must notify the Company no later than five days after such a conviction. A conviction includes any finding of guilt or plea of no contest and/or imposition of a fine, jail sentence or other penalty.

Drug and alcohol testing will be carried out in compliance with any applicable state and federal laws and regulations.

Disciplinary action will be taken for drug-related crimes, regardless of whether they happened during working hours or on an employee’s own time.

### **3.10 Employee Fraternization**

KGH wants to preserve a working environment that has clear boundaries between personal and professional relationships. This is believed to be the best practice for conducting business in a professional manner. This policy establishes clear boundaries with regard to how relationships develop at work and within the confines of the work area.

- During working hours and in work areas, employees of KGH are expected to keep all personal interactions limited and at a professional level to avoid distracting or offending others.
- Employees are prohibited from engaging in any physical interactions that would be seen as inappropriate in the work area. What constitutes inappropriate conduct is in the discretion of the Company.
- Employees who engage in personal relationships with others and allow these relationships to negatively affect the working environment will be subject to disciplinary action. If said employees fail to change their behavior after disciplinary action takes place, they may be subject to termination.

Romantic relationships between supervising, managing or executive employees and subordinates are strictly prohibited. If a relationship does develop between a supervising employee and his or her subordinate, management should be notified immediately so that a department transfer may be considered.

### **3.11 General Computer Usage**

KGH is committed to accomplishing its business objectives in a secure and timely manner. Each employee must assist in achieving this goal while safeguarding corporate information assets. The basic regulations for using the Company computer systems are as follows:

- Computers are for business use only.
- The Company may access any information created, transmitted or stored on its information systems.
- Copying or downloading software of any kind is prohibited without prior permission.
- Internet is for business use only—incidental and occasional personal use is permitted.
- The Company provides email accounts to its employees for business use—incidental and occasional personal use is permitted.



- Any email of an offensive, pornographic or otherwise inappropriate nature is prohibited—violations may result in disciplinary action.
- Company proprietary information must be protected.
- Instant messaging services may be provided to ease communication between employees—non-business use is prohibited.

Please use the computers responsibly and contact Human Resources with any questions regarding appropriate usage.

### 3.12 Harassment

KGH strives to provide a work environment that is free from harassment. Therefore, KGH will not tolerate harassment based on age, race, gender, color, religion, national origin, disability, marital status, covered veteran status, sexual orientation, status with respect to public assistance and other characteristics protected under state, federal or local law. This conduct is prohibited in any form at the workplace, at work-related functions or outside of work if it affects the workplace. This policy applies to all employees, clients, customers, guests, vendors and persons doing business with the Company.

Harassment consists of unwelcome conduct toward an individual because of his or her age, race, gender, color, religion or other protected status when the conduct creates an intimidating, hostile or offensive work environment that causes work performance to suffer or negatively affects job opportunities.

Types of prohibited harassment include, but are not limited to, the following:

- Verbal or written comments related to a trait someone possesses, including name-calling, jokes, slurs, negative stereotyping or threats;
- Explicit or degrading verbal comments about another individual or his or her appearance;
- Nonverbal conduct, such as staring, leering or giving inappropriate gifts;
- Physical conduct, such as assault or unwanted touching; and
- Visual images, in hard copy or electronic form, relating to a trait someone possesses (for example, cartoons, drawings or pictures).

Appropriate performance reviews, counseling or discipline by your manager do not constitute harassment.

If you feel that you are being harassed, take the following steps:

- Tell the harasser that his or her actions are not welcome and they must stop, if you feel comfortable enough to do so.
- Report the incident immediately to your manager or Human Resources.
- Report any additional incidents or retaliation that may occur to your manager or Human Resources.

All reports will be investigated immediately and thoroughly. All actions taken to resolve complaints will be handled as confidentially as possible. Appropriate actions will be taken to stop and remedy such conduct, including interim measures during a period of investigation.

Retaliating or discriminating against an employee who reports a suspected incident of harassment or who cooperates in an investigation is prohibited. Employees who violate this policy or retaliate against an employee in any way will be subject to disciplinary action, up to and including termination.

### 3.13 Improper Payments & Gifts

We prohibit the solicitation, acceptance, offer or payment to any person or organization of any bribe, kickback or similar consideration, including money, services, goods or favors (other than goods or favors which are nominal in amount and not prohibited by any federal, state or local law). Do not accept or give gifts, gratuities, entertainment or favors of such value or significance that their receipt

might reasonably be expected to interfere with the exercise of independent and objective judgment in making or participating in the business decisions of or the party with whom the Company is dealing.

### **3.14 Media Relations**

The Company is committed to providing the media with accurate information. To avoid discrepancies, specific guidelines should be followed when a media inquiry is received.

All media inquiries regarding the Company and its operation must be immediately referred to the CEO. Only the CEO, or designee, is authorized to make or approve public statements regarding company business. If you wish to write or publish an article, paper or other publication on behalf of the Company, you must first obtain written approval.

The Company will generally provide a response to media inquiries within 24 hours. Should the response require a detailed technical explanation, a spokesperson will be designated to address the issue. The spokesperson will be chosen carefully, based on their area(s) of expertise.

Media inquiries include, but are not limited to, the following:

- Press releases
- Advertisements
- Requests for interviews
- Information on:
  - Management changes
  - Financial data
  - Working conditions
  - Wages

### **3.15 Open Door Policy**

We are committed to creating an environment where communication flows across all levels of the company and where issues are promptly raised and resolved. This work style approach creates a solid foundation for collaboration, growth, optimal performance and success across the company.

We believe open, honest communication between managers and employees is part of our daily process. We hold managers accountable for creating a work environment where an employee's input is welcomed and issues are raised and are candidly discussed without the fear for retaliation.

We encourage employees to raise issues with their immediate manager. However, employees may also seek out the guidance of any member of the management team, the Chief of Staff or Human Resources.

### **3.16 Phone Calls**

KGH provides phones to some employees to increase efficiency in doing business. There are important things to consider when using Company phones. Please adhere to the following guidelines, based on the type of call you are making or receiving:

Business phone calls - Some of our business is conducted over the phone, making our telephone techniques extremely important. A friendly but businesslike telephone manner should always be projected. When you are away from your work area, make a habit of forwarding your calls to the appropriate extension.

Personal phone calls - We recognize that periodically, personal phone calls must be made or received during the business hours. Such calls should be held at a minimum so that they do not interfere with the workflow.

Personal cellphone calls - Ringing cellphones are a distraction to co-workers and can interfere with productivity. Cellphones should only be used during breaks, lunches and outside of the office. Flexibility will be provided in circumstances demanding immediate or emergency attention.

### **3.17 Recording Devices Prohibited**

KGH respects the privacy of its employees and strives to protect all confidential Company information.

Employees whose electronic communication devices are camera-enabled are restricted from using the audio and video recording functions of such devices anywhere in the building or on the company property at anytime, other than where permitted by federal, state or local law. Further, employees who are found to have used these camera-enabled features in violation of this policy will be subject to progressive discipline up to and including termination of employment.

### **3.18 Sexual Harassment**

KGH prohibits sexual harassment of all kinds. This policy applies not only to employees, but also to clients, customers, guests, vendors and anyone else doing business with KGH. Any employee who feels that he or she has been a victim of sexual harassment should notify Human Resources immediately.

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made a term or condition, either explicitly or implicitly, of an individual's employment;
- Submission to or rejection of such conduct by an individual is used as a factor in decisions affecting that individual's employment; and
- Such conduct has the purpose or effect of interfering with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Examples of sexual harassment include, but are not limited to, the following:

- Unwelcome sexual flirtation, advances or propositions;
- Verbal comments related to an individual's gender or sexual orientation;
- Explicit or degrading verbal comments about another individual or his or her appearance;
- The display of sexually suggestive pictures or objects in any workplace location, including transmission or display via computer;
- Any sexually offensive or abusive physical conduct;
- The taking of or the refusal to take any personnel action based on an employee's submission to or rejection of sexual overtures; and
- Displaying cartoons or telling jokes that relate to an individual's gender or sexual orientation.

### 3.19 Social Functions

KGH recognizes that social functions provide many positive benefits for the company, including the increase of staff morale and the development of working relationships. KGH may host social events on company premises or at other venues during or outside of company business hours.

Employees may choose to celebrate special occasions such as personal milestones, business successes or retirement. Such events should be planned and held during lunch break times or after business hours. All celebrations should be discussed and approved by management.

Social functions are considered to be an extension of the workplace and as such are covered by applicable state and federal laws and KGH policy. Employees are expected to conduct themselves in a professional manner at all times.

### 3.20 Social Networking

KGH is committed to maintaining a good relationship with its employees and the marketplace. The way the public views us vital to maintaining business, gaining new business, retaining first-class employees, recruiting new employees and marketing our products and services.

While KGH has no intention of controlling employee actions outside of work, employees should practice caution and use discretion when posting content on the Web. Employees have the right to use social media for personal expression on their own time, and KGH will not violate employee privacy by attempting to access content that has not been made available publicly. This policy serves as a notice on the practice of social networking for all employees to read and understand. As more concerns develop and legislation is released, this policy is subject to change.

The purpose of this policy is to:

- To guarantee a constructive relationship between the company and its employees;
- To manage risk and preserve a positive reputation;
- To discourage the use of company time for personal social media activities; and

It is important that employees use their time while at work to conduct company business. Employees are not blocked from access to social networking sites on KGH computers because, under some circumstances, social networking is a powerful business tool that can be channeled to gain positive publicity for the company and to connect with clients. The following actions are prohibited during working hours:

- Using social networking sites to conduct personal or non-company business;
- Browsing social networking sites for non-company business on company time;
- Reading email alerts regarding personal social networking account activity or using email to correspond with personal social networking contacts;
- Updating information, uploading photos or otherwise engaging with one's personal social networking profile for non-business purposes; and
- Micro-blogging for a non-business purpose on a social networking site throughout the day, whether it is on a company-provided computer or a personal smart phone device.

Having your own individual social networking account and using it on your own time is certainly permissible. However, keep in mind that some actions on your personal site are visible for the entire social networking community and may no longer be considered private matters. KGH has put it in

place a set of conduct guidelines to protect its brand and prevent the unwanted disclosure of confidential information. Please follow these guidelines:

- Do not use micro-blogging features to disclose trade secrets, publish internal reports, provide tips based on inside information or participate in other activities that may be considered insider trading.
- We urge you to consider resolving workplace grievances internally. If you choose to address a grievance using social media, refrain from posting comments and materials that could be viewed as malicious, obscene, threatening, and intimidating or that could create a hostile environment on the basis of race, sex, disability, religion or any other status protected by law.
- Refrain from posting any opprobrious, reckless or maliciously untrue comments. These communications may not be protected by law.
- Do not impersonate KGH employees, make statements on behalf of KGH without authorization, or make statements that can be construed as establishing KGH's official position or policy on any particular issue.

KGH will comply with all laws and regulation pertaining to the use of social media.

### **3.21 Standards of Conduct**

The work rules and standards of conduct for KGH are important, and the Company regards them seriously. All employees are urged to become familiar with these rules and standards. In addition, employees are expected to follow the rules and standards faithfully in doing their jobs and conducting business on behalf of KGH. Please note that any employee who deviates from these rules and standards will be subject to disciplinary action, up to and including termination of employment.

While not intended to list all the forms of behavior that are considered unacceptable in the workplace, the following are examples of rule infractions or misconduct that may result in disciplinary action.

- Theft or inappropriate removal or possession of property
- Falsification of timekeeping records
- Working under the influence of alcohol or illegal drugs
- Possession, manufacture, distribution, sale, transfer, dispensation or use of alcohol or illegal drugs
- Fighting or threatening violence in the workplace
- Immoral actions or intimidating others
- Boisterous or disruptive activity in the workplace
- Negligence or improper conduct leading to damage of Company or customer property
- Insubordination or other disrespectful conduct
- Violation of safety or health rules
- Smoking in the workplace
- Sexual or other unlawful or unwelcome harassment or touching
- Excessive absenteeism or any absence without notice
- Unauthorized use of telephones or other Company equipment
- Using Company equipment for purposes other than business (e.g., playing games on computers or personal Internet usage)

- Unauthorized disclosure of confidential information
- Violation of personnel policies
- Unsatisfactory performance or conduct

These rules apply to any and all interactions with customers, fellow employees or anyone else associated with the workplace.

### **3.22 Violence in the Workplace**

It is KGH policy to provide a workplace that is safe and free from all threatening and intimidating conduct. Therefore, the Company will not tolerate violence or threats of violence of any form in the workplace, at work-related functions or outside of work if it affects the workplace. This policy applies to Company employees, clients, customers, guests, vendors and persons doing business with the Company.

It is a violation of this policy for any individual to engage in any conduct, verbal or physical that intimidates, endangers or creates the perception of intent to harm persons or property. Examples include but are not limited to:

- Physical assaults or threats of physical assault, whether made in person or by other means (i.e., in writing, by phone, fax or email).
- Verbal conduct that is intimidating and has the purpose or effect of threatening the health or safety of a co-worker.
- Any other conduct or acts that management believes represent an imminent or potential danger to work place safety or security.

Anyone with questions or complaints about workplace behaviors that fall under this policy may discuss them with a manager or Human Resources. The Company will promptly and thoroughly investigate any reported occurrences or threats of violence. Violations of this policy will result in disciplinary action, up to and including immediate termination of employment. Where such actions involve non-employees, the Company will take action appropriate for the circumstances. Where appropriate and/or necessary, the Company will also take whatever legal actions are available and necessary to stop the conduct and protect Company employees and property.

### **3.23 Weapons in the Workplace**

KGH prohibits the possession of firearms or any other lethal weapon on Company property, in a vehicle being used on Company business, in any company-owned or leased parking facility, or at a work-related function. This applies to all employees, visitors and customers on Company property, even those who are licensed to carry weapons. The only exception to this is an employee who is required to possess weapons in order to fulfill his or her job duties.

Some examples of prohibited weapons include:

- Firearms (pistols, revolvers, shotguns, rifles and bb guns)
- Knives (switchblades, gravity knives or any knife with a blade longer than three inches)
- Metal knuckles
- Bows and arrows
- Tasers

We prohibit weapons to ensure the safety and security of all employees and persons visiting the Company. Any employee found in violation of this policy will be subject to disciplinary action, up to and including immediate termination. If you have questions or concerns regarding this policy, please contact Human Resources.

### 3.24 Workplace Bullying

KGH is committed to providing a safe and healthy work environment for all employees. As such, the Company prohibits bullying of any kind and will deal with complaints accordingly. This policy applies to employees while working, at work functions and while traveling on business.

Bullying is defined as unwelcome or unreasonable behavior that demeans, intimidates or humiliates an individual or a group of individuals.

Bullying can be:

- An isolated incident or persistent incidents
- Carried out by a group or an individual
- Either direct or indirect
- Verbal or physical

Some examples of bullying include:

- Abusive or offensive language
- Unwelcome behavior
- Unreasonable insults or criticism (especially in public)
- Teasing and/or spreading rumors
- Trivializing of work or achievements
- Exclusion or isolation

Bullying can have devastating results. If you witness bullying or suspect bullying is taking place, report it to your manager and/or to Human Resources immediately. All suspected incidents of bullying will be thoroughly investigated and disciplinary measures will be taken accordingly.

## 4 Workplace Safety

### 4.1 Emergency Action Plan

KGH recognizes that our people drive our business. As our most critical resource, employees are safeguarded through training, provision of appropriate work surroundings, and procedures that foster protection of health and safety. No duty, no matter what its perceived result, is more important than employee health and safety.

#### General Guidelines in an Emergency

Stay calm and think through your actions. Know important emergency numbers, such as:

- Fire/Police/Ambulance 911
- Human Resources ext. 110

Be aware of your surroundings:

- Know where stairwell exits are located—there are stairwell exits on each floor.
- In the event of an emergency, use only stairs—do not take elevators.
- Do not hesitate to call or alert others if you believe that an emergency is occurring.

Fire Evacuation:

- Employees will be notified of a fire by either the fire alarm system or a paged announcement.
- Upon hearing the alarm, immediately evacuate the building using the closest stairwell exit—do not use the elevators or delay evacuation to gather personal belongings, finish a phone call or wait for friends.

If You Discover a Fire:

- Alert other persons in the immediate hazard area.
- Activate the nearest fire alarm, call 911, call the receptionist and page an emergency announcement, if possible.
- If you have been trained to use a fire extinguisher, follow these instructions:
  - Pull the safety pin.
  - Aim the nozzle at the base of the fire.
  - Squeeze the operating lever.
  - Sweep side-to-side, covering the base of the fire.



- When using a fire extinguisher, always stay between the fire and an exit—never feel that using a fire extinguisher is required, and if the fire is too hot, too smoky or you are frightened, evacuate immediately.

#### Medical Emergency:

- Upon discovering a medical emergency, call 911.
- Stay with the ill or injured person, being careful not to come into contact with any body fluids unless properly trained and protected.
- Send one person to alert Human Resources so they can notify family members of the ill or injured person.
- Employees in the immediate vicinity of the emergency, but not involved in the emergency effort, should leave the area.

#### Severe Weather:

- In the event severe weather conditions occur at a time when you have not yet reported to work, you should report to work as usual unless otherwise notified, but only if you are able to do so safely.
- Employees should immediately seek shelter in the main hallways or exit stairways away from all windows.

#### Workplace Violence:

- Any employee who feels that he or she has been threatened should immediately report the incident to their manager and Human Resources.
- If you observe anyone exhibiting threatening behavior or making threatening statements, warn others in the area and immediately notify Human Resources—stay away from the person exhibiting the threatening behavior.
- Depending upon the level of concern, 911 may be called immediately.
- Never attempt to confront any person exhibiting threatening behavior.
- If you have reason to believe that events in your personal life could result in acts of violence occurring at work, you are strongly urged to confidentially discuss the issue with Human Resources so that a prevention plan can be developed.

## 4.2 Environmental Policy

We will operate our business activities in an environmentally responsible manner and with due regard to our neighbors, employees, business partners and the communities in which we operate.

As a minimum, we require all aspects of our business to fully comply with any applicable national, state, and local laws and regulations, and to any other standard to which KGH subscribes. We aim to conserve energy and to continually improve our environmental performance for the long-term protection of the environment.

In addition, we will:

- Communicate honestly and openly with our stakeholders about the nature of our operations and products and their relationship to the environment.
- Require business units to set rigorous and achievable environmental goals, with an emphasis on effective waste management and energy conservation.
- Integrate environmental protection into all of our activities and processes, aiming to implement and maintain an Environmental Management System compatible with international standards.
- Provide awareness training for all employees, as well as specific training relevant to individual responsibilities.
- Regularly review the policy to ensure it continues to be appropriate to Ideal Standard business activities.

### 4.3 Facility Access & Visitors

KGH cares about the safety and security of its employees. In an effort to maintain the maximum safety and security possible at a minimum inconvenience to you, we have guidelines in place regarding facility access and visitors:

- All entry doors to the office are to remain locked all day, including the main entry door to Suite 200.
- Employees will be provided with a key fob for entry to Suite 200.
- Employees have access to all floors during working hours. The main entryway to the building is open Monday through Friday between 8 a.m. and 5 p.m.
- Access to the office outside of normal working hours will require a separate building fob for entry.
- All visitors are to be escorted by authorized personnel at all times. Please do not allow visitors to roam the premises unattended.

### 4.4 Safety Policy

KGH wants to ensure that our employees remain safe and injury-free at all times. The Company intends to comply with all applicable safety laws. In order to guarantee that accidents are avoided whenever possible, we expect our employees to refrain from horseplay, careless behavior and negligent actions. It is the Company's policy to maintain a safe and secure working environment for all employees and clients.

While working, employees must observe safety precautions for their safety and for the safety of others. All work areas must be kept clean, and free of clutter and debris. Any hazards or potentially dangerous conditions must be corrected immediately or reported to a manager.

If you are involved in an accident, you must comply with the following procedure:

- Report the accident to your manager or to Human Resources immediately
- Obtain the necessary medical treatment
- Fill out an Accident Report, regardless of the severity of the injury
- If you must seek additional medical treatment, obtain consent to leave the premises from your manager before doing so

Employees who fail to comply with this procedure are subject to disciplinary action.

#### **4.5 Severe Weather Policy**

Unless you are informed otherwise, always assume that KGH is open for business during normal hours. Use common sense and your best judgment when traveling to work in severe weather.

If the Company must close for the day, you will be notified via email and/or on the company website and you will be compensated for your entire workday. If the company is open for business, you will be expected to work your standard hours, make up the time missed during the workweek, or use PTO to cover missed work time. Non-exempt employees may choose to charge to PTO or LWOP for missed time.

When potentially dangerous weather develops during the day and a decision is made by management to close, you will be compensated as if you had worked all of your regularly scheduled hours for that day. If you elect to leave prior to a decision being made by the Company to close early, you will be expected to makeup all missed work hours for that day.

#### **4.6 Smoke-free Environment Policy**

KGH is a smoke-free environment. Smoking is not permitted at any time in Company work areas or vehicles, or in client work areas or vehicles.

If smoking is allowed outside of the building, smokers should be considerate of colleagues, customers and members of the public. Help to maintain a clean entryway by depositing cigarettes in appropriate containers and staying far enough away from doors so that smoke does not blow into the building.

Employees who smoke must observe the same guidelines as non-smokers for the frequency and length of break periods.

## 5 Benefits and Compensation

### 5.1 Communicable Disease and Illness in the Workplace

For purposes of this policy, communicable diseases and communicable illnesses include, but are not limited to, tuberculosis, contagious herpes simplex virus related diseases such as chicken pox, shingles, infectious mononucleosis, hepatitis B, severe acute respiratory syndrome (SARS), West Nile virus, and pandemic flu.

Each case of communicable illness and communicable disease exposure is different and will, therefore, be treated according to the individual facts and circumstances on a case-by-case basis.

KGH will not discriminate against job applicants or employees with a communicable disease. These individuals will not be denied access to the worksite solely because they have a communicable disease, but may be excluded from Company facilities, programs and functions if we determine that restriction is necessary to protect the welfare of the infected individual or the welfare of others.

In all cases of health-related absence due to a communicable disease or communicable illness, or its potential, the affected employee must notify the Human Resources Department immediately of such condition. KGH may notify the appropriate health department(s) if it deems it necessary and/or if such reporting is required in accordance with applicable law.

If the company receives notice that an employee has a communicable disease or illness, it shall make decisions regarding the reasonable accommodation, if any, on a case-by-case basis based on the health and physical conditions of the employee, and the health and safety of other persons with whom the employee will interact.

An employee may return to work whenever, after reasonable accommodations and without undue hardship, there is no substantial risk of transmission of the disease or illness to others, provided the employee is able to continue to perform the job's essential functions with or without a reasonable accommodation.

Except for legally required reporting, the confidentiality of all medical conditions shall be maintained in accordance with applicable law. The number of persons who will be informed of the employee's condition shall be kept at the minimum necessary to comply with legally required reporting, but also to assure proper care of the employee and to detect situations where the potential for transmission may increase.

### 5.2 Holiday Pay

Full time employees will receive pay for the following holidays:

- New Year's Day
- Martin Luther King, Jr.'s Birthday
- Washington's Birthday
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day

- Thanksgiving
- Day after Thanksgiving
- Christmas Day

### **5.3 Jury Duty**

KGH recognizes that jury duty is a civic responsibility of our employees. In accordance with federal and state law, it is the Company's policy that no employee will be subjected to any form of discrimination because of absence from work due to jury duty, if the employee provided reasonable notice. Employees must provide a copy of the jury duty summons to their manager within one business day of receiving the summons.

### **5.4 Leave Without Pay**

Leave Without Pay (LWOP) may be granted in certain circumstances, provided such time off does not materially affect the normal conduct of business, client service or operating costs. Non-exempt employees must utilize Paid Time Off (PTO) before LWOP is approved.

Non-Exempt employees may take LWOP in increments of one hour.

Employees in positions classified as Exempt under the Fair Labor Standards Act will only be allowed to take LWOP in full day increments

### **5.5 Medical Insurance**

KGH offers medical insurance to our employees and their dependents. Full time employees are eligible to enroll in health care upon completion of their orientation period. Employees who are eligible to participate in these plans are subject to all terms and conditions of the agreement between KGH and the insurance carriers.

### **5.6 Military Leave**

KGH is committed to protecting the job rights of employees absent on military leave. In accordance with federal and state law, it is the Company's policy that no 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.

Employees who are members of the U.S. Army, Navy, Air Force, Marines or Coast Guard Reserves or the National Guard may be granted leaves of absence for the purpose of participating in Reserve or National Guard training programs or for military service.

Employees will be granted the minimum amount of leave needed to meet the minimum training requirements of their units. No employee will be required to use vacation time for military duty, but employees who do elect to schedule their vacations to coincide with military duty will receive their full regular vacation pay in addition to any pay from the military.

Employees must notify their immediate manager as soon as they receive notice and forward a copy of their military orders to the Human Resources Department.

### **5.7 Nursing Mothers**

To ease the transition of mothers returning to work following the birth of a child, lactation accommodation will be provided for nursing mothers.

For up to a year following a child's birth, nursing employees will be provided break time to express breast milk during the workday. The employee will be allowed a reasonable break time whenever she has the need to express milk throughout the day.

Breaks to express milk will not be paid. Employees may use normal break and lunch periods to accommodate their nursing needs. However, if the breaks needed to express milk exceed standard daily break time, then the employee must use personal time (either in the form of an unpaid break or paid time off).

If you are returning from maternity leave, speak with your manager regarding your nursing needs. Your manager will work with you to accommodate your break schedule as needed, knowing that your breaks may differ on a day-to-day basis.

If you have any further questions or concerns regarding this policy, please contact Human Resources.

## 5.8 Paid Time Off

KGH believes that employees should have the opportunity to enjoy time away from work. For this reason, we provide Paid Time Off (PTO) to all full time employees. KGH believes this program offers more flexibility to our employees, allowing them to choose how they use their leave. PTO may be used for any number of reasons including:

- Vacation
- Personal business
- Illness
- Bereavement leave
- Appointments
- Emergencies
- Inclement weather

PTO does not replace the Company holiday schedule. We will continue to have compensated holidays each year. See Holiday Pay.

### PTO Accrual

Full-time employees accrue PTO hours each pay period. Accrued PTO is available for use immediately. Accrual rates are as follows:

Eligibility Date	Years of Service	Hours Accrued	Maximum Annual Accrual Hours
Date of Hire	Up to 3 years	4.62	15 days/120 hours
Date of Hire	4 to 7 years	6.15	20 days/160 hours
Date of Hire	8 or more years	7.69	25 days/200 hours

### Maximum Annual PTO Carry-Over

KGH encourages employees to use their accrued PTO during the calendar year that it is earned. However, we realize that work obligations may not always allow for this. Employees may carryover a maximum of 40 PTO hours from one calendar year to the next. Any earned but unused hours in excess of 40 will be forfeited.

### Use and Management of PTO

KGH expects employees to provide as much notification as possible when scheduling PTO. Employees utilize the electronic time reporting system to request time off. The time off request will be evaluated and subject to approval depending upon staffing needs at the time. KGH understands there may be occasions, such as sudden illness, when you may not be able to give sufficient advance notice. In those situations, however, be sure to inform your manager as soon as possible.

KGH does not advance PTO to its employees. Employees who have exceeded their PTO balances and need to take time off from work may charge to leave without pay (LWOP) in accordance with applicable laws.

## 6 Financial Requirements and Reporting

### 6.1 Business Expense Reimbursement

When travel is necessary for KGH work-related activities, please refer to this general policy and any contract-specific requirements for additional policies and restrictions.

Whenever possible, KGH will make every effort to minimize employee out-of-pocket expenditures by charging costs to the KGH corporate credit card. When that is not possible, KGH will reimburse employees for all necessary and reasonable travel expenses.

**Car Rentals:** KGH has a corporate account with the AVIS rental car company which allows direct billing of rentals to KGH. The logistics administrator can assist with making car rental arrangements through AVIS. Unless there are unusual circumstances, rentals should be for standard, mid-size or smaller vehicles. Employees are covered by KGH insurance, so purchase of additional insurance is not necessary, and is generally not reimbursable. In order to minimize costs, rental cars should be refueled prior to return to rental company. If advantageous for travel, toll transponders may be rented.

**Air and Train Travel:** Once travel is approved by the appropriate manager, employees may make his or her own reservations. In order to minimize travel costs, whenever possible, reservations should be made at least 21-days in advance, for economy class, and in most cases, should be non-refundable. Upgrades for seats or boarding privileges are generally not reimbursable, and requires manager approval. One checked bag per flight is reimbursable.

**Spousal Travel:** Travel expenses related to an employee's spouse are not reimbursable by the Company.

**Lodging:** The selection of hotel accommodations should be guided by considerations of safety, quality, reasonableness of room rates, and if appropriate, government allowances. For certain KGH government contract work, hotel reservations will be made by the KGH logistics administrator. If travel plans change, employees are required to cancel reservations in accordance with the hotel policies. The cost of in-room movies, mini-bar purchases, phone calls, and internet access are not reimbursable.

**Business Meals:** KGH employees traveling to support government contracts will be reimbursed for meals per the government standard per diem rates by location, regardless of actual meal expenditures, and so receipts are not required for meals. KGH employees traveling for other projects are expected to keep meal costs reasonable, and receipts are required. Alcohol is not reimbursable.

Whenever possible, the KGH logistics administrator will provide the employee with a partially completed expense report prior to travel. Upon completion of travel, the employee must provide a completed expense report to the logistics administrator within 3 business days. Receipts are required for all claimed expenses, except for meals covered by government per diem.

All expense reports must be signed by the employee and provided to the logistics administrator for processing and payment.

### 6.2 Company Credit Cards

KGH may provide KGH American Express corporate credit cards for employees who travel frequently, make frequent purchases on behalf of the company, or who incur other business expenses.



The corporate card is for business expenses only, and may not be used for personal purchases. Misuse of the card may result in cancellation of the card, and garnishing of the employee's salary for recovery of personal charges. Credit card expenditures must be submitted with original receipts with the submittal of the employee expense report. Lost or stolen Company credit cards must be reported to Human Resources immediately.

### 6.3 Compensatory Time

There is no legal requirement or obligation of KGH to grant compensatory time off to exempt employees. The nature of the duties of positions classified as exempt under the FLSA often require employees in those positions to work more than the regular 40 hours in a week. However, KGH **may** choose to grant compensatory time off in extreme circumstances, to exempt employees who are required to work in excess of 40 hours per week for special projects, excessive travel or during weekends or holidays. The following rules apply:

- Compensatory time earned by exempt employees must be taken within the pay period during which the compensatory time was earned;
- All employees should record the total time worked on their timesheet; and
- All compensatory time must be requested in writing to the employee's manager. The manager and Chief of Staff will have final approval.

### 6.4 Employment Taxes & Voluntary Deductions

As an employee of KGH, you are responsible for paying federal, state and local taxes. This includes income taxes, Social Security and Medicare taxes, and the federal unemployment tax (FUTA). These taxes will be automatically withdrawn from each of your paychecks at a rate that is determined by the number of deductions you claim.

You are also eligible to receive health benefits after completion of the required orientation period. Should you choose to enroll in the offered health benefits program, you will be required to pay a portion of the premium cost. Your total annual contribution cost for the coverage you select will be divided by the number of pay periods in the Plan Year to determine the amount that will be deducted (on a pre-tax basis) from each of your paychecks.

You have the option of waiving all pre-tax benefits. Should you choose to waive these benefits, you will not have another opportunity to elect them until the next Open Enrollment Period, and any after-tax coverage permitted by KGH will be outside the plan. The only exception to this is in the case of a Change in Election Event for an applicable benefit. Some common Change in Election Events includes changes in employment status, divorce and marriage. In these circumstances, the election change must be on account of and consistent with the Change in Election Event, as described in the Plan.

The employment taxes and voluntary deductions described above will continue to be deducted from your paycheck until changes are made to the number of deductions you claim, or until you change your benefit elections. There is a possibility, however, that your contributions for Medical Insurance Benefits will be automatically increased or decreased for changes.

### 6.5 Garnishment of Wages

With regards to wage garnishment, KGH complies with any and all court orders, the Consumer Credit Protection Act (CCPA), and any other applicable laws. Upon receiving a court order, KGH will notify the employee immediately and begin withholding wages. We will give the employee information on how s/he can protest the garnishment in court.

In compliance with the CCPA, KGH will not terminate any employee who has been subject to garnishment for any one debt, regardless of the number of levies made or proceedings brought to collect it. In the case of employees who are subject to garnishments from more than one creditor or more than one judgment from the same creditor, KGH reserves the right to continue or terminate the employee's employment as we see fit (in compliance with CCPA).

## 6.6 Office Parking and Metro Reimbursement

KGH will reimburse *full-time* employees for parking at the KGH Office in Alexandria, VA as follows:

- KGH will pay \$100.00 per month for garage/outside parking, or
- KGH will reimburse the actual cost for Metro up to \$100 per month.

## 6.7 Overtime Pay

In accordance with the Federal Labor Standards Act (FLSA), nonexempt employees are eligible to receive overtime pay at a rate of one and one-half times their regular pay for time worked in excess of 40 hours per workweek. The workweek begins on Monday morning (12:01 a.m.) and ends on Sunday (12:00 a.m.).

Before overtime is worked, an employee must have a written approval from his or her supervisor.

Exempt employees are not eligible for overtime; they are expected to work as many hours as required to perform the duties of the position.

## 6.8 Pay Periods & Check Distribution

Employees are paid bi-weekly on every other Friday. If a regularly scheduled payday falls on a bank holiday, then employees will receive pay on the last day of work before the regularly scheduled payday.

Paychecks will only be released to the individual whose name appears on the check, or to an individual who the employee has designated and approved through written consent.

If an employee chooses direct deposit of his or her paycheck, he or she will have access to payroll information through the Company's payroll service provider.

## 6.9 Time Reporting

Accurately recording time worked is the responsibility of every employee. Federal and state laws require KGH to keep an accurate record of time worked in order to calculate employee pay and benefits. Time worked is the time actually spent on the job performing assigned duties.

Altering, falsifying or recording time on another employee's timesheet may result in disciplinary action, up to and including termination.

It is the employee's responsibility to sign their timesheet to certify the accuracy of all time recorded.

## 6.10 Workers' Compensation Policy

In accordance with state and federal law, KGH will provide employees with workers' compensation coverage for an illness or accidental injury that arises during the course of performing their work assignments. Employees must report any accident or injury immediately to their manager and Human Resources so that the necessary paperwork can be completed in a timely manner.

Employees returning to work from an injury or illness for which they were receiving workers' compensation must provide proof of rehabilitation or treatment from a licensed physician and

verification that they are able to complete all job-related tasks. In the event that the employee cannot complete some of the tasks as ordered by the physician, the Company will modify the employee's job load. Once a physician has verified that the employee can resume all job-related tasks, he or she will no longer receive workers' compensation benefit

