

**ACKNOWLEDGMENT AND AGREEMENT BY EMPLOYEE**

Please sign the acknowledgment form below, remove this page, and return it to the CEO. This will let ESMSI know that you have received this Handbook. It is your responsibility to read and understand the contents of this Handbook.

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I understand and agree that it is my responsibility to read and familiarize myself with the provisions of the Employee Handbook and to abide by the rules, policies and standards set forth in the Employee Handbook.

I also acknowledge that, except for the policy of at-will employment, the terms and conditions set forth in this Handbook may be modified, changed, or deleted at any time without prior notice to me and other employees provided such changes are in writing and approved by the CEO of ESMSI or a representative designated by ESMSI.

**I also acknowledge that my employment with ESMSI can be terminated at any time for any reason, with or without cause or notice, by ESMSI and by me with 2 week written notification to the CEO or Director of Human Resources. I acknowledge that no statements or representations regarding at-will employment can alter the foregoing other than a written employment agreement signed by the CEO of ESMSI and me.**

I further acknowledge that I have received, read, and understood ESMSI’s Technology Systems and Email policies regarding the right of ESMSI to monitor usage of email, the Internet and other the technology systems.

I agree to abide by the terms of any Confidentiality and Invention Assignment Agreement (whether precisely labeled this or not) and all applicable ESMSI policies or laws relating to ESMSI trade secrets and proprietary information.

I further agree, in accordance with ESMSI’s Arbitration Policy that I will submit any dispute arising under or involving my employment with ESMSI or the termination of my employment to confidential binding arbitration and I hereby expressly waive my rights to a trial by jury. I agree that arbitration shall be the exclusive forum for resolving all disputes arising out of or involving my employment with ESMSI or the termination of that employment, except at set forth in the Arbitration Policy.

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Employee’s Signature

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Employee’s Name [Printed]

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Date

### Remedy

Arbitration shall provide the sole, exclusive and final remedy for any controversy, claim or dispute between an employee and ESMSI. The Arbitrator's award shall be final and binding on the parties and judicial review shall be limited, as provided by law. Accordingly, neither an employee nor ESMSI shall be permitted to pursue court action regarding claims that are subject to arbitration.

### Availability of Injunctive Relief

A party may petition the courts for injunctive relief where either party alleges or claims a violation of an agreement between the employee and ESMSI regarding trade secrets or confidential information. In the event either party seeks injunctive relief, the prevailing party shall be entitled to recover reasonable costs and attorneys fees, where permitted by applicable law.

### Special Acknowledgment

ESMSI AND EACH EMPLOYEE ACKNOWLEDGES AND AGREES THAT: (1) SUCH PARTY IS AGREEING TO THIS POLICY VOLUNTARILY AND WITHOUT ANY DURESS OR UNDUE INFLUENCE BY ANY PERSON; (2) SUCH PARTY HAS CAREFULLY READ AND FULLY UNDERSTANDS THE TERMS, CONSEQUENCES AND BINDING EFFECT OF THIS POLICY; (3) SUCH PARTY IS WAIVING ANY RIGHT TO A JURY TRIAL; AND (4) THIS POLICY IS INTENDED TO BE STRICTLY ENFORCEABLE.

### Survival

This policy will survive the termination of employment of the employee for any reason.

## **WORKERS' COMPENSATION POLICY**

Work-related injuries or illnesses may be covered under ESMSI's Workers' Compensation Insurance. Specific benefits are prescribed by law and ESMSI's insurance policy.

All incidences of work related accidents, illnesses or injury must be reported within 24 hours of occurrence to the CEO. No employee will be terminated or punished for reporting an accident, illness or injury.

Responsibility for claiming compensation under the Workers' Compensation law rests with the employee.

## **ARBITRATION POLICY**

### Generally

In consideration of employees accepting or continuing employment with ESMSI, each employee agrees that any and all controversies, claims, or disputes with anyone (including without limitation ESMSI and any employee, agent, officer, director, member, or stockholder of ESMSI (in their capacity as such or otherwise) arising out of, relating to, or resulting from the employee's employment with ESMSI or the termination of the employee's employment with ESMSI, shall be resolved exclusively through confidential, binding arbitration. Disputes which each employee agrees to arbitrate, and with respect to which each employee hereby agrees to waive any right to a trial by jury, include without limitation, any dispute associated with compensation, benefits, promotion, termination of employment, harassment, discrimination, and any common law (i.e. any claims relating to any contract or tort claim) or statutory claims arising under state or Federal law, including but not limited to claims under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, the Age Discrimination in Employment Act of 1967, any state laws of similar effect, and any other statutory claims. An equivalent agreement to arbitrate shall also apply to any claims that ESMSI may have against an employee.

### Procedure

Any arbitration shall be administered and conducted by the American Arbitration Association ("AAA") pursuant to the then current AAA's National Rules for the Resolution of Employment Disputes (the "Rules"). A neutral arbitrator shall be selected in a manner consistent with the Rules and the arbitration proceeding shall allow for discovery according to the Rules and applicable state law. The arbitrator shall have the power to decide any motions brought by any party to the arbitration, including motions for summary judgment and/or adjudication and motions to dismiss and demurrers, prior to any arbitration hearing. ESMSI shall pay for the first \$1,000 of administrative or hearing fees charged by the arbitrator or AAA, and thereafter the cost of the arbitration will be borne equally by the parties, unless otherwise required by law. Each party shall pay its own attorneys' fees and related expenses, unless otherwise provided by law.

reasonable rate after such termination for time actually spent by the employee at ESMSI's request of such assistance.

### Injunctive Relief

A failure to carry out any obligation under this policy, or a breach by the employee of any provision herein, will constitute immediate and irreparable damage to ESMSI, which cannot be fully and adequately compensated in money damages and which will warrant preliminary and other injunctive relief, an order for specific performance, and other equitable relief. No bond or other security shall be required in obtaining such equitable relief and each employee consents to the issuance of such injunction and to the ordering of specific performance. Other action may be taken and remedies enforced against the employee.

### Confidentiality and Invention Assignment Agreement

In the event of any inconsistency between this policy and a Confidentiality and Invention Assignment Agreement (whether precisely labeled this or not) signed by the employee, the Confidentiality and Invention Assignment Agreement shall prevail.

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## **TERMINATION AND DISCIPLINE POLICY**

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As noted in the At Will Employment Policy, either ESMSI or the employee may terminate employment with or without cause, subject to the terms of any written and properly authorized employment agreement. ESMSI also reserves the right to take disciplinary actions (including termination of employment) for a variety of reasons that might include unsatisfactory job performances, absenteeism, tardiness, failure to follow the policies in this Handbook, or other circumstances deemed appropriate by ESMSI. ESMSI has the right to proceed directly to termination, without resort to prior disciplinary steps or warnings when ESMSI determines in its sole discretion that such action is warranted based on the facts and circumstances known to ESMSI.

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## **STANDARDS OF CONDUCT**

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ESMSI strives to be an employer known for integrity and with an outstanding reputation for its business, business practices and employment of outstanding people. We expect, therefore, that employees will act, at all times, in the best interest of ESMSI and of their colleagues. While we cannot develop a comprehensive list of all rules or procedure for how employees should comport themselves in regard to their work and representation of ESMSI, we expect all employees to act professionally, with integrity, and to show respect for one another and for vendors, customers, suppliers and other third parties.

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## **EXIT INTERVIEW**

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An exit interview is normally scheduled for an outgoing employee after the CEO receives a notice of resignation or for an employee whose termination is initiated by ESMSI. The purpose of this interview is to review eligibility for benefit continuation and conversion, to ensure that all necessary forms are completed, to collect all ESMSI property that may be in the employee's possession (e.g., ESMSI credit card, access card, Employee Handbook and keys) and to provide employees with an opportunity to discuss their work-related experiences.

Subject Ideas and Inventions, the employee agrees to assign to ESMSI, without further consideration, his/her entire right, title and interest in and to each and every such Subject Idea and Invention.

#### Maintenance of Records

Each employee shall agree to keep and maintain adequate and current written records of all Subject Ideas and Inventions and their development made by the employee (solely or jointly with others) during the term of employment with ESMSI. These records will be in the form of notes, sketches, drawings, and any other format that may be specified by ESMSI. These records will be available to and remain the sole property of ESMSI at all times.

#### Access

Because of the difficulty of establishing when any Subject Ideas or Inventions are first conceived by an employee, or whether it results from the employee's access to ESMSI confidential information or ESMSI Materials, each employee agrees that any Subject Idea and Invention shall, among other circumstances, be deemed to have resulted from the employee's access to ESMSI Materials if: (1) it grew out of or resulted from the employee's work with ESMSI or is related to the business of ESMSI, and (2) it is made, used, sold, exploited or reduced to practice, or an application for patent, trademark, copyright or other proprietary protection is filed thereon, by the employee or with the employee's significant aid, within one year after termination of employment.

#### Assistance

Each employee further shall assist ESMSI in every proper way (but at ESMSI's expense) to obtain and from time to time enforce patents, copyrights or other rights or registrations on said Subject Ideas and Inventions in any and all countries, and to that end will execute all documents necessary:

- (a) to apply for, obtain and vest in the name of ESMSI alone (unless ESMSI otherwise directs) letters patent, copyrights or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same; and
- (b) to defend any opposition proceedings in respect of such applications and any opposition proceedings or petitions or applications for revocation of such letters patent, copyright or other analogous protection; and
- (c) To cooperate with ESMSI (but at ESMSI's expense) in any enforcement or infringement proceeding on such letters patent, copyright or other analogous protection.

#### Authorization to ESMSI

In the event ESMSI is unable, after reasonable effort, to secure an employee's signature on any patent, copyright or other analogous protection relating to a Subject Idea and Invention, whether because of physical or mental incapacity or for any other reason whatsoever, each employee hereby irrevocably designates and appoints ESMSI and its duly authorized officers and agents as their agent and attorney-in-fact, to act for and on his/her behalf and stead to execute and file any such application, applications or other documents and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of letters patent, copyright or other analogous rights or protections thereon with the same legal force and effect as if executed by the employee. The obligation to assist ESMSI in obtaining and enforcing patents and copyrights for Subject Ideas and Inventions in any and all countries shall continue beyond the termination of the employment relationship with ESMSI, but ESMSI shall compensate the employee at a

An employee should not make unauthorized use of ESMSI resources or assets for the benefit of the employee or for the benefit of any third party. ESMSI resources or assets (such as pens, office supplies, computers, etc.) are to be used for the benefit of ESMSI.

### Family

No employee should be involved in an ESMSI matter involving a member of the employee's family, without disclosure and approval of the CEO.

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## **INTELLECTUAL PROPERTY POLICY**

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### Overview

Employees may be developing or creating intellectual property related to the business of ESMSI. This policy is designed to ensure that any and all intellectual property developed by employees subject to this policy will be deemed owned fully and completely by ESMSI.

### Definitions

- (a) Subject Ideas and Inventions. The term "Subject Ideas or Inventions" includes any and all ideas, processes, trademarks, service marks, inventions, designs, technologies, computer hardware or software, original works of authorship, formulas, discoveries, patents, copyrights, copyrightable works products, marketing and business ideas, and all improvements, know-how, data, rights, and claims related to the foregoing, whether or not patentable, which are conceived, developed or created which: (1) relate to ESMSI's current or contemplated business or activities; (2) relate to ESMSI's actual or demonstrably anticipated research or development; (3) result from any work performed by the employee for ESMSI; (4) involve the use of ECSMS's equipment, supplies, facilities or trade secrets; (5) result from or are suggested by any work done by ESMSI or at ESMSI's request, or any projects assigned to the employee; or (6) result from access to any of ESMSI's memoranda, notes, records, drawings, sketches, models, maps, customer lists, research results, data, formulae, specifications, inventions, processes, equipment or other materials (collectively, "ESMSI Materials").
- (b) Intellectual Property. The term "Intellectual Property" includes all information and records pertaining to any idea, process, trademark, service mark, invention, technology, computer hardware or software, original work of authorship, design, formula, discovery, patent, copyright, product, and all improvements, know-how, rights, and claims related to the foregoing.

### ESMSI Ownership

All right, title and interest in and to all Subject Ideas and Inventions, including but not limited to all registrable and patent rights which may subsist therein, shall be held and owned solely by ESMSI, and where applicable, all Subject Ideas and Inventions shall be considered works made for hire. Employees should mark all Subject Ideas and Inventions with ESMSI's copyright or other proprietary notice as directed by ESMSI and should take all actions deemed necessary by ESMSI to protect ESMSI's rights therein. In the event that the Subject Ideas and Inventions are deemed not to constitute works made for hire, or in the event that an employee should otherwise, by operation of law, be deemed to retain any rights (whether moral rights or otherwise) to any

## **CONFLICT OF INTEREST POLICY**

### General

An employee shall not engage in any activities which create a conflict of interest, or might appear to conflict, with the employee's responsibilities and obligations with ESMSI. Good judgment of employees is essential, and no list of rules can provide for all of the possible circumstances that arise. Decisions by employees involving a conflict of interest may create an appearance of impropriety which should be avoided. This would include, but is not limited to, making any decisions; taking any actions; or seeking to influence any decision or action that may appear to create or does create a conflict of interest, whether involving ESMSI, ESMSI's business or personnel actions involving any employee of ESMSI. If unsure regarding a particular activity, please consult the CEO prior to engaging in the activity.

### Best Interest of ESMSI

Each employee should act in the best interests of ESMSI, always using good judgment.

### Suppliers of Goods or Services

An employee who has a direct or indirect interest (whether through family or business connections) in suppliers of products or services to ESMSI, or an interest in contractors or potential contractors who would do business with ESMSI, should not act or be involved in decisions with respect to that interest. No employee should participate in a potential contract, partnership, or other business relationship with any party that the employee is discussing potential employment.

### Disclosure

An employee should provide full disclosure of any business, personal or financial interest in which the employee might influence (or might appear to influence) his or her official decisions or actions on behalf of ESMSI. Disclosure should be made on a timely basis in writing to the CEO.

### Personal Gifts

Personal gifts from or to people whom ESMSI has a business relationship are discouraged. Personal gifts of more than nominal value should be politely declined or returned to avoid any appearance of improper behavior. Federal, state or local laws may also prohibit the solicitation or acceptance of gifts or money from contractors or other third parties.

### Outside Employment or Business Activities

Employees should avoid outside employment, business or personal activities which may conflict with ESMSI's interests. Directorships or consultation services for which an employee will receive compensation must be cleared by the CEO in writing. Excluded from this prohibition are charitable or pro bono activities where the employee will not receive compensation and where the time involved will not interfere with the employee's responsibilities on behalf of ESMSI. An employee should refrain from personal activities such as purchasing or selling securities, real estate, or other goods or services which involve confidential information gained by the employee as result of the employee's activities on behalf of ESMSI.

### Use of ESMSI Resources or Assets

## **DRESS CODE POLICY**

### General

It is the policy of ESMSI that employees should project a professional and business like image. Good taste and common sense should be exercised by employees. Clean, professional, business like attire is the appropriate dress for ESMSI employees.

### Unacceptable Dress

The following is a non-exclusive list of dress that is unacceptable:

- Clothing that is torn, worn, dirty or frayed
- Bare feet
- Clothing that reveals too much cleavage, chest, midriff or back
- T-Shirts
- Flip flops or thongs
- Extremely short skirts
- Sheer or see-through clothes
- Tank tops, muscle shirts or sleeveless shirts
- Undergarments worn on the exterior
- Shorts
- Bathing suits
- Halter and bra tops
- Hats or caps, other than head covers that are required for religious or cultural reasons
- Sweatpants or exercise pants
- Leg warmers
- Jeans unless specific exceptions are made for any working day by the Director of Human Resources
- Beach dresses, sun dresses and spaghetti dresses
- Clothing with potentially offensive words, logos or graphics

## **PHOTOCOPYING POLICY**

Users of ESMSI's photocopier machines are reminded of ESMSI's guidelines for the use of such equipment:

- You may not photocopy a copyrighted work as a substitute for the purchase of, or subscription to, the work
- You may make a single photocopy of a copyrighted work for purposes of your own scholarship, research, criticism, comment, or teaching

ESMSI prohibits use of its photocopier machines for any purpose that violates federal copyright law and for non-business use.



limited to, ESMSI policies regarding intellectual property, misuse of ESMSI property, discrimination, harassment and confidentiality.

Employees must keep confidential the personal data of our customers (such as social security numbers) and must carefully protect any such information in laptops used outside of the office.

ESMSI has taken steps to secure our computing environment. All employees also play a significant role in the overall security of our systems. For example, logging off in the evenings; safeguarding passwords from others; securing computer equipment while traveling; and not allowing others to use our computers and equipment are a few steps that should be taken.

ESMSI does not allow our technology systems to be used in creating, receiving, sending or storing data that may reasonably be considered to be offensive, defamatory, obscene or harassing. Such data includes but is not limited to sexual images and comments, offensive sexual jokes, racial and gender-based slurs or anything that would reasonably be expected to offend someone based on their disability, age, religion, marital status, sexual orientation, political beliefs, national origin or culture or any other factor protected by law. Any such use would violate this policy and may violate ESMSI's policy against harassment. In particular, the display of any kind of sexually explicit image or document on any ESMSI system is a violation of ESMSI's policy on sexual harassment. Employees who are aware of the misuse of these systems by other employees should report the misuse to a supervisor immediately.

ESMSI has software and systems in place that are capable of monitoring and recording all network, Internet and computer traffic to and from any computer employees may use. ESMSI reserves the right to access, review, copy and delete any of the information, data or messages accessed through these systems with or without notice to the employee and/or in the employee's absence. This includes, but is not limited to, all e-mail messages sent or received, all Web pages visited all instant messaging sessions, and all file transfers into and out of ESMSI's networks. Employees may not post any information to Web sites with use of ESMSI resources, including but not limited to social network sites such as MySpace.com, Facebook.com, Friendster, etc. ESMSI further reserves the right to retrieve previously deleted messages from e-mail or voice mail.

Accordingly, no employee should have any expectation of privacy as to his or her Internet or technology systems usage and should not use these systems for information they wish to keep private.

ESMSI reserves the right to inspect any and all files stored in all areas of ESMSI's network, including those assigned to individual employees, and those stored on any ESMSI computer, in order to assure compliance with this and other ESMSI policies.

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## **SMOKING POLICY**

Smoking is not allowed in any enclosed area of ESMSI's facilities and vehicles. Smoking in the presence of some customers and co-workers may be offensive to them. Therefore, we expect that employees will use good judgment and be sensitive to others' opposition to smoking.

Employees should be careful in creating e-mail. Even when a message has been deleted, it may still exist in printed version, be recreated from a back-up system, or may have been forwarded to someone else. Please note that appropriate electronic messages may need to be saved. And, ESMSI may be required to produce e-mail in litigation.

#### Viruses

Any files downloaded from e-mail received from non-ESMSI sources must be scanned with ESMSI's virus detection software. Any viruses, tampering or system problems should be immediately reported to the computer systems administrator.

#### Other Policies

All existing ESMSI policies apply to employee conduct in connection with email, including but not limited to, ESMSI policies regarding intellectual property, insider trading, misuse of ESMSI property, discrimination, harassment, sexual harassment, information, data security, and confidentiality.

#### Passwords

All passwords must be made known to ESMSI. The use of passwords to gain access to ESMSI's computer systems or to access specific files does not provide users with an expectation of privacy in connection therewith.

#### Retention in the Event of Litigation, Subpoena, or Regulatory Inquiry

It is ESMSI policy to comply with all legal proceedings. In the event of any litigation, subpoena, regulatory inquiry, criminal proceeding, or the like, ESMSI personnel are absolutely and unequivocally prohibited from deleting, discarding, or destroying any emails or any other documents relating in any way to the litigation, subpoena, regulatory inquiry, criminal proceeding, or the like.

#### No Waiver

Any delay or failure to discipline personnel for violations of this policy, or any other policy in this Handbook, will not constitute a waiver of ESMSI's rights.

#### Consequences of Violations

Violations of this policy or other ESMSI policies may result in discipline, suspension, termination of employment, and/or legal action.

#### Questions

If you have any questions concerning this Email Policy, please contact the CEO. Otherwise ESMSI presumes that you understand and will abide by this policy.

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## **TECHNOLOGY SYSTEMS**

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ESMSI provides a voice mail system, access to the Internet and other technology systems to assist employees in conducting ESMSI business. All information, data and messages created, received, sent or stored in these systems are, at all times, the sole property of ESMSI. The foregoing systems are to be used solely for business related purposes, except for minor personal use that is lawful and does not interfere with ESMSI business. All existing ESMSI policies apply to employee conduct on the Internet and use of all technology systems, including, but not

All e-mail is subject to the right of ESMSI to monitor, access, read, delete, copy, disclose and use such e-mail without prior notice to the originators and recipients of such e-mail. E-mail may be monitored and read by authorized personnel for ESMSI for any violations of law, breaches of ESMSI policies, communications harmful to ESMSI, or for any other reason.

#### Email Content

Emails should be professional, courteous and in compliance with all applicable laws. Users should employ spell check on all emails sent and use professional wording.

#### Prohibited Acts

Provided below is a non-exclusive list of prohibited acts associated with your use of ESMSI's email system. When considering the appropriateness of engaging in a particular act, personnel should be guided by both the specific prohibitions and the other mandates set forth in this policy, as well as good judgment. Prohibited activities include:

1. Using any words, images or references that could be viewed as libelous, harassing, illegal, derogatory, discriminatory, or otherwise offensive.
2. Creating or transmitting email or images that might be considered inappropriate in the workplace, including, but not limited to, messages or images that are lewd, obscene, sexually explicit, or pornographic.
3. Creating or transmitting messages or images that might be considered inappropriate, harassing or offensive due to their reference to race, sex, age, sexual orientation, marital preference, religion, national origin, physical or mental disability, or other protected status.
4. Downloading, copying or transmitting documents or software protected by third party copyrights in violation of those copyrights.
5. Using encryption devices and software that have not been expressly approved by the CEO.

#### Security

The e-mail system is only to be used by authorized persons, and personnel must have been issued an e-mail password in order to use the system. Personnel shall not disclose their codes or passwords to others and may not use someone else's code or password without express written authorization from an authorized officer of ESMSI.

#### No Presumption of Privacy/Confidentiality

E-mail communications should not be assumed to be private and security cannot be guaranteed. Highly confidential, proprietary or sensitive information should not be sent through e-mail. Personnel are required to use email in a manner that will not risk the disclosure of ESMSI proprietary and other information to persons outside ESMSI.

#### Reporting

ESMSI personnel who are aware of the violation of this policy by another person should report the violation to a supervisor immediately.

#### Message Retention and Creation

To assist you with cost of this insurance, ESMSI pays a portion of a single or a family plan. You are responsible for paying the balance through payroll deduction. A booklet containing the details of the plan and eligibility requirements may be obtained from the Director of Human Resources. Refer to the actual plan document and summary plan description if you have specific questions this benefits plan. Those documents are controlling.

Upon termination you may be entitled to continuation or conversion of the group medical insurance plan in accordance with the terms of the policy and/or applicable state and federal law. For more information, contact our Director of Human Resources.

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## **LIFE INSURANCE POLICY**

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Limited eligible full-time employees may enroll in this plan upon hire, if this benefit is offered at time of employment. You must complete an insurance form and designate your beneficiary. The cost of the insurance is fully paid for by ESMSI.

Eligible participating employees may be covered under the plan's accidental death and dismemberment rider. Employees eligible to receive this coverage may obtain complete details of the plan from the Human Resources Director.

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## **401(k) QUALIFIED RETIREMENT PLAN**

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ESMSI may provide eligible employees with the 401(k) Qualified Retirement plan which is an excellent means of long term savings for your retirement. ESMSI's contribution, if any, is determined on an annual basis. 401(k) enrollment will be made available to eligible employees 6 months after date of employment.

You can request a copy of the Summary Plan Description, which contains the details of the plan including eligibility and benefit provisions from the HR Manager. In the event of any conflict in the description of the plan, the official plan documents, which are available for your review, shall govern. If you have any questions regarding this plan, see the HR Manager.

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## **EMAIL POLICY**

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### Business Use

ESMSI's e-mail system is for official business purposes of ESMSI. Limited personal use of email is allowed if (a) in compliance with this policy and this Handbook and (b) is reasonable in amount and does not interfere with work performance or business needs.

### Ownership

All email accounts and all information and messages that are created, sent, received or stored on ESMSI's e-mail system, network or computers are the sole property of ESMSI and are not the property of the employee or other personnel.

### E-mail Review

It is ESMSI's policy to be supportive of employees who are called for jury duty. Employees are encouraged to serve on jury duty and fulfill their court related civic obligations.

In the event an employee receives a notice to report for jury duty, the supervisor should be notified promptly so that arrangements can be made to have the employee's responsibilities covered until the employee can return to work. If requested, proof of time served on jury duty must be provided.

Employees may retain any reimbursement issued by the court for jury duty.

Employees may use this policy for the court's consideration of financial hardship, in the event that more than 10 days of jury duty will be required.

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### **BEREAVEMENT LEAVE**

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In the event of death in the immediate family of a regular full-time employee the employee may take up to three (3) consecutive workdays off with pay with the approval of the ESMSI. For purposes of this policy, an employee's immediate family is defined to include the employee's current spouse or domestic partner, child, parent, legal guardian, brother, sister, grandparent, grandchild, or mother-, father-, sister-, brother-, son- or daughter-in-law

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### **HOLIDAY POLICY**

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ESMSI observes the following paid holidays each year:

New Year's Day  
Martin Luther King Day  
President's Day  
Memorial Day  
Independence Day (4<sup>th</sup> of July)  
Labor Day  
Columbus Day  
Veteran's Day  
Thanksgiving Day  
Christmas Day

When a holiday falls on a Saturday, it is usually observed on the prior Friday, but if the holiday falls on a Sunday, it is observed on the following Monday. Holidays that fall during a scheduled vacation do not count as a vacation day used. Holiday pay does not count as "hours worked" for purposes of calculating an employee's eligibility for overtime pay during the week in which the holiday occurs.

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### **MEDICAL INSURANCE**

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Eligible full-time employees may enroll in a single or a family contract 30 days after hire. Information and enrollment forms may be obtained from the Director of Human Resources.

the employee's PTO account when the bi-weekly check is issued. PTO taken will be subtracted from the employee's accrued time in one-hour increments. Temporary employees, contract employees and interns are not eligible to accrue PTO.

Eligibility to accrue PTO is contingent on the employee either working or utilizing accrued PTO for the entire bi-weekly pay period. PTO is not earned in pay periods during which unpaid leave or leave without pay, short or long term disability leave or workers' compensation leave are taken.

Employees may use time from their PTO account in hourly increments. Time that is not covered by the PTO policy, and for which separate guidelines and policies exist, include company paid holidays, bereavement time off, required jury duty and military service leave.

To take PTO requires two (2) days of notice to the ESMSI supervisor and/or Human Resources unless the PTO is used for legitimate, unexpected illness or emergencies. In all instances, the employee's supervisor must approve PTO in advance. ESMSI appreciates as much notice as possible when you know you expect to miss work for a scheduled absence. The scheduling of PTO is based on ESMSI's business needs and requests for PTO and authorized absences from other personnel.

Abuse of ESMSI PTO policies could result in termination of employment.

Accrual

Rate of Accrual

30 Days After Date of hire

4.62 hours bi-weekly/120 hours annually

Employees may carry 40 hours of accrued PTO over into a new calendar year. Employees are responsible for monitoring and taking their PTO over the course of a year so that they do not lose time accrued when the current calendar year ends. PTO is subject to supervisory approval and not every employee can take accumulated time in December; the company must continue to serve customers. If extenuating business circumstances prevent the employee from taking scheduled PTO, this PTO may be carried over and taken in the first half of the next calendar year with the approval of the supervisor and Human Resources.

Employees are paid for the PTO they have accrued at employment end. Employees may not take paid time off before it is earned, except with the prior written approval of the CEO. If an employee has used PTO time not yet accrued, and employment terminates, the PTO taken is deducted from the final paycheck. Employees who give 2 weeks' notice of employment termination can be let go immediately at the discretion of the CEO.

A holiday that falls during a PTO period will be treated as a holiday and not as a PTO day.

If an employee takes an approved leave of absence, the employee will not earn PTO during the leave of absence.

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**JURY DUTY POLICY**

## **POLICY REGARDING HOURS OF WORK AND PAY DAYS**

### Hours of Work

ESMSI core work hours are 9:00 a.m. to 6:00 p.m., Monday through Friday, with one hour for lunch or as designated by customer work hours when reporting to customer worksite.

### Pay Periods

Employees are paid bi-weekly. All new ESMSI employees should expect to receive their first compensation 30 days from starting employment. If a payday falls on a holiday, paychecks or electronic transmission will be distributed on the preceding workday. ESMSI does not cash employee payroll checks nor provides advances on employee wages.

### Timesheets

Employees must submit work hours through the ESMSI timekeeping system; PROCAS time keeping system at the end of each work week. Employees' time shall be input daily online via ESMSI's timekeeping system, PROCAS. It is critical that every employee's time sheet be completed daily and reflects the employee's hours accurately. Falsifying a time sheet or inaccurately calculating time may result in termination of employment. Each employee will receive instructions for inputting time into the PROCAS system at time of hire and will receive appropriate log-on and password information.

## **EMPLOYEE BENEFITS POLICY**

ESMSI provides a variety of benefits to its full time employees. Part time employees may also be entitled to some of the benefits. Benefits for employees may include medical insurance or profit sharing plans, paid time off, and the like.

Eligibility for any particular benefit is set forth by ESMSI in its sole discretion. It should be also understood that ESMSI reserves the right to change, add or delete any particular benefit or plan at any time in its sole discretion.

## **PAID TIME OFF POLICY**

ESMSI has established a "paid time off" (PTO) policy for full-time employees. The purpose of "paid time off" is to provide employees with flexible paid time off from work that can be used for such needs as vacation, personal or family illness, doctor appointments, school, volunteerism, and other activities of the employee's choice. ESMSI's goal is to reduce unscheduled absences and the need for excessive supervisory oversight.

The PTO accrual will begin 30 days after date hire. Each full time employee will accrue PTO bi-weekly as defined below. PTO is added to

from employee salaries in a way that is permitted under the federal and state wage hour rules. Employees will be reimbursed for any isolated, inadvertent or improper deductions as defined by law.

Exempt employees may be subject to salary deductions, except where prohibited by State law but only for unapproved or unauthorized absences of one and more full days other than sickness or disability. If questions or concerns about any pay deductions arise. Employees may discuss and resolve them with Human Resources.

When an employee's wages are garnished by a court order ESMSI is legally bound to withhold the amount in the garnishment order from the employee's paycheck. ESMSI will, however, honor federal and state garnishment guidelines that protect a certain amount of the employee's income from being subject to garnishment.

You have the option of having your pay in a paycheck or have it deposited in your local bank account through our direct deposit program.

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## **PERFORMANCE REVIEWS**

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Your performance is important to ESMSI. Once each year generally in June, a member of management will review your progress in the company and help you set new job performance plans. Our performance review program provides a basis for better understanding between you and a member of management with respect to your job performance potential and development within the company. New employees will generally be reviewed at the end of their probationary period.

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## **PAY RAISES**

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Depending on your performance and ESMSI's profitability, adjustments in your pay may be made when there has been improvement in or sustainment of an already good performance during the review period.

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## **EMPLOYEE BENEFITS POLICY**

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ESMSI provides a variety of benefits to its full time employees. Part time employees may also be entitled to some of the benefits. Benefits for employees may include from time to time, group medical insurance, profit sharing plans, education reimbursement, paid time off, and the like.

Eligibility for any particular benefit is set forth by the ESMSI at its sole discretion. It should be also understood that ESMSI reserves the right to change, add or delete any particular benefit or plan at any time in its sole discretion.

Our employee handbook explains our benefits generally. For more information refer to the plan documents for a full discussion of the benefits.



- Air and rail travel, which also includes change or cancellation penalties imposed by the airlines if due to unavoidable circumstances (supporting documentation must be supplied with the travel form);
- Meals while on ESMSI business;
- Car rental and gas for rental vehicles;
- Ground transportation including taxi and public transportation fares, mileage for personal vehicles, parking fees, and tolls;
- Hotel accommodations and expenses including room service and valet;
- Laundry/dry cleaning during trips longer than five calendar days;
- Registration and fees for attendance at approved conferences and seminars;
- Telephone, faxes, and Internet connectivity charges;
- Tips associated with lodging, meals, and transportation if customary; and
- Travel to and from an airport calculated at the rate per mile established by the Internal Revenue Service.

#### Examples of Expenses That Will Not Be Reimbursed

The following are examples of non---reimbursable expenses. This should be considered a partial listing:

- Airline club membership fees; annual membership for charge cards; fees, interest, and/or late charges associated with personal credit cards;
- Car washes;
- Clothing;
- Commuting costs to/from home and normal place of business;
- Costs incurred by unreasonable failure to cancel reservations;
- Excessive tipping;
- Fines or tickets resulting from traffic, parking, or other violations;
- Golf or tennis court fees, membership in country, tennis, or golf clubs, or any sporting equipment, except when part of a preauthorized group event;
- Life, accident, or flight insurance premiums;
- Lost, broken, or stolen property that is the personal property of the employee;
- Luggage or briefcases;
- Meals when traveling locally on ESMSI business;
- Newspapers, magazines, books;
- Expenses that have been or will be paid or reimbursed by an outside source; and
- Other expenses not directly related to the performance of the actual travel assignment.

### **PAY POLICY**

ESMSI is required by law to make certain deductions from your paycheck each period. Such deductions typically include Federal and State taxes and Social Security (FICA) taxes. Depending on the state you reside, the benefits you choose and amount of deductions there may be additional deductions. The deductions and amounts are listed on your pay stub. Your deductions are totaled each year and are shown on your W-2 wage statement.

It is the policy of ESMSI that exempt (salaried) employees' pay will not be docked or subject to deductions in violation of salary pay rules of the US Department of Labor and any corresponding rules issued by the State government, as applicable. However, ESMSI may make deductions

All travel on behalf of the United States Federal Government while performing services must be in accordance with the Joint Federal Travel Regulations, United States Code Title 37 and Title 10.'

Automobile: If personal vehicles are used; ESMSI reimburses actual mileage incurred at the standard IRS mileage rate, which is adjusted periodically. Reimbursement for gas will not be made when requesting reimbursement for mileage. Employees using personal automobiles or rental vehicles to travel on official ESMSI business are responsible for acquiring and maintaining liability insurance for their protection and for the protection of any passengers. In addition, employees should comply with all traffic laws and use good judgment. Employees will not be compensated for daily commuting to and from their designated worksite.

An employee involved in an accident while driving on ESMSI business must report the accident immediately to the local police department and to the CEO. If a rental car was involved, the rental ESMSI should also be notified immediately. ESMSI policy prohibits employees from operating a motor vehicle under the influence of drugs or alcohol.

Meals: Reasonable meal costs necessary for ESMSI business will be reimbursed. Claims must be itemized and include actual receipts for all expenditures, other than for meals that are claimed within established per diem rates. Entertainment may be claimed if it is for the purpose of advancing a business relationship, is within the bounds of good taste, moderation, and legal requirement, and the cost is within reasonable limits and does not include excessive or inappropriate entertainment. Again, please use good judgment. The JTR per diem rates will be used for meal reimbursement while on travel.

Reimbursement for entertainment will be limited to ESMSI Board members only.

Family: ESMSI will not pay or reimburse business travel or entertainment expenses for family members of ESMSI employees on ESMSI business.

Information on Receipts: For all business expenses (such as hotel, transportation, business meals, etc.), the following IRS---required information should be written on the corresponding receipt:

- Date of transaction
- Amount of transaction
- Location (name, city and state)
- Purpose of travel or business purpose for business meals
- Attendees and their business affiliation (for business meals)

All expenses and receipts should be submitted for approval no later than 15 days from the date the employee has incurred the expense. Lack of documentation or receipts could result in a reimbursement being denied. Receipts are not required for per diem reimbursement; however receipts are required for hotel expense reimbursement.

#### Examples of Acceptable Expenses

The following types of expenses may be reimbursable, if reasonable and necessary, for ESMSI business purposes:

The unlawful manufacture distribution, possession or use of a controlled substance on ESMSI's premises or while conducting ESMSI's business off its premises is absolutely prohibited. Violations of this policy will result in disciplinary action, up to and including termination, and may have legal consequences.

Employees must report any conviction under a criminal drug statute for violations occurring on or off ESMSI's premises while conducting ESMSI business. A report of a conviction must be made within seven (7) days after the conviction.

ESMSI recognizes drug dependency as an illness and a major health problem. ESMSI also recognizes drug abuse as a potential health, safety and security problem. Employees needing help in dealing with such problems are encouraged to seek the appropriate medical attention.

## **ALCOHOL AND DRUG TESTING POLICY**

It is ESMSI policy not to employ persons who use illegal drugs or abuse alcohol. ESMSI reserves the right to require an employee to submit to testing for alcohol and/or illegal drugs as a continuing condition of employment with ESMSI. An employee who refuses to submit to such testing or who tests positive may be suspended from work, disciplined, or immediately terminated, all at ESMSI's sole discretion. ESMSI also reserves the right to search the employee's workplace for alcohol or illegal substances.

## **EMPLOYEE REFERENCES**

All requests for references must be directed to the Director of Human Resources. No other person, other than the CEO, is authorized to release references for current or former employees. ESMSI's policy as to references for employees who have left ESMSI is to disclose only the dates of employment and the title of the last position held. No other information will be provided.

## **TRAVEL POLICY**

ESMSI will incur, or reimburse travel expenses that are reasonable and necessary with the prior written approval of the CEO, are for a business purpose of ESMSI, and are documented in conformity with applicable laws, sound business practice, and this Policy. All travel will be reimbursed in accordance with the Joint Federal Travel Regulations. This Policy applies to all employees. All travel related expenses must be approved by the CEO in writing prior to the expenditure. All travel will be reimbursed in accordance with the Joint Federal Travel Regulations.

### Permitted Expenses Generally

Individuals conducting official ESMSI business or incurring travel costs at ESMSI expense are expected to exercise the same care in incurring expenses as a prudent person would in spending personal funds. If an employee has any doubts about the appropriateness of an anticipated travel expense, the employee should consult the CEO prior to the expenditure. Any expenses determined to be personal must be promptly repaid if initially paid from ESMSI funds.

harassment in our workplace, including but not limited to sexual harassment, will not be tolerated.

### Prohibited Sexual Harassment

Sexual harassment has been defined as a form of sex discrimination, consisting of unwanted sexual advances. Examples of prohibited sexual harassment include:

- ◆ Supervisors or managers explicitly or implicitly suggesting sex in return for a hiring, compensation, promotion or termination decision.
- ◆ Verbal or written sexually suggestive or obscene comments, jokes, or propositions
- ◆ Unwanted physical contact, such as touching, grabbing, or pinching
- ◆ Displaying sexually suggestive objects, pictures, or magazines
- ◆ Continual expression of sexual or social interest after an indication that such interest is not desired
- ◆ Conduct with sexual implications when such conduct interferes with the employee's work performance or creates an intimidating work environment
- ◆ Suggesting or implying that failure to accept a request for a date or sex would adversely affect the employee in respect to a performance evaluation or promotion

### Complaint Procedure

An employee who feels that he or she has been harassed is strongly urged to immediately bring the subject to the attention of the CEO or the Director of Human Resources. Inquiries and/or complaints will be investigated as appropriate, and ESMSI will not retaliate against employees who raise concerns of harassment.

### Discipline

Any employee found to have harassed another employee or applicant for employment will be subject to appropriate disciplinary procedure action, including reprimands, suspension or termination of employment.

An employee committing unlawful harassment may also be held personally liable for his or her actions under applicable law.

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## **DRUG-FREE WORKPLACE POLICY**

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Our policy is to maintain a drug-free workplace.

Employees are expected and required to report to work on time and in appropriate mental and physical condition for work. It is our intent to provide a drug-free, healthful and safe work environment.

authorization to work in the U.S. is for a limited period of time, the employee will need to submit further proof before the expiration date.

If you have any reason to believe that you haven't been treated in accordance with this policy, we encourage you to address concerns to your supervisor or to the head of Human Resources.

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## **EQUAL EMPLOYMENT OPPORTUNITY/ NON-DISCRIMINATION POLICY**

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### Overall Policy

It is the policy of ESMSI to maintain a working environment free of all forms of unlawful discrimination.

### Equal Opportunity

ESMSI affords equal opportunity to all employees and prospective employees without regard to race, color, sex, gender, sexual orientation, religion, age, marital status, disability, veteran status or national origin or other criteria protected by law.

### Disability

ESMSI will not discriminate against any employee or applicant for employment because of disability in regard to any position for which the employee or applicant for employment is qualified. To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, ESMSI will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result. If you believe you may need an accommodation, please contact the head of Human Resources.

### Complaint Procedure

Any individual, whether an employee or applicant for employment, who believes that he or she has been discriminated against, should bring their concerns to the Director of Human Resources. Complaints may be lodged in writing or orally in person.

### Consequences

ESMSI will not tolerate any form of discrimination and will take appropriate disciplinary action, including possibly termination, of any person determined to have engaged in unlawful conduct under this policy.

### No Retaliation

ESMSI will not retaliate nor discriminate against any employee or applicant because he or she has opposed any unlawful employment practice or filed a charge of employment discrimination, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing related to employment practices.

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## **HARASSMENT POLICY/ SEXUAL HARASSMENT**

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In order to provide a productive and pleasant working environment, it is important that we maintain a workplace characterized by mutual respect. Accordingly, all forms and types of

## **INTRODUCTION**

This Employee Handbook (the “Handbook”) is designed to familiarize you with the policies, practices, and benefits of, and to provide you with information about conditions of your employment at **Entrusted Strategic Management Solutions Incorporated** (“ESMSI”).

Employees are required to read and comply with the provisions of this Handbook.

Circumstances will require that the policies and practices described in this Handbook change from time to time. Accordingly, except for the at-will employment policy (see below), ESMSI reserves the right to interpret guidelines as may be appropriate under the particular facts and circumstances and to revise, modify, rescind, delete or add to the provisions of this Handbook from time to time in its sole and absolute discretion. Such modifications will be in writing, will specifically reference this Handbook and must be authorized in writing by the Chief Executive Officer (CEO) of ESMSI or a duly authorized representative of ESMSI. ESMSI will attempt to provide employees with notification of such changes when they occur. No statements or representations can in any way change or alter the provisions of this Handbook.

This Handbook contains a summary of ESMSI’s policies and practices. All previously issued handbooks and any inconsistent policy or benefit statements or memoranda are hereby replaced.

This Handbook is the property of ESMSI and may not be circulated or given to anyone outside of ESMSI.

You are required to comply with the provisions of this Handbook. After reviewing it, please sign the acknowledgement form at the end of the Handbook.

## **AT-WILL EMPLOYMENT POLICY**

Employment at ESMSI is employment at-will. This means that an employee’s employment can be terminated at any time by ESMSI, with or without advance notice and with or without cause and by me with 2 week written notification to the CEO or Director of Human Resources. Nothing in any document or statement now in existence or hereafter created shall limit the right to terminate the employment at-will, except pursuant to a written employment agreement signed by the CEO of ESMSI and the employee. No other officer, agent or employee of ESMSI has the authority to revise, waive or alter this at-will employment policy, which cannot be altered other than pursuant to a written agreement signed by the CEO and the employee.

## **EMPLOYMENT ELIGIBILITY AND AUTHORIZATION**

Federal law requires ESMSI to verify each employee’s identity and legal authority to work in the United States within three business days of employment, and all offers of employment depend on the employee’s ability to meet these requirements. Each employee needs to fill out the Employment Eligibility Verification (**INS Form I-9**), in which the employee attests to his/her legal authority to work in the U.S. (and present acceptable documents to verify the claim). If the

# **Employee Handbook**

**Of**

**ENTRUSTED STRATEGIC MANAGEMENT SOLUTIONS INCORPORATED (ESMSI)**

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Strategic Solutions From Beginning to End

ENTRUSTED  
STRATEGIC  
MANAGEMENT  
SOLUTIONS  
INCORPORATED

*Employee Handbook*