

ARNOLD SCOTT HARRIS, P.C.

ATTORNEYS AT LAW

Employee Handbook

**Effective as of
August 1, 2008**

Welcome!

We would like to take this opportunity to welcome you to Arnold Scott Harris, P.C.! We are excited to have you as a part of our team. You were hired because we believe you can contribute to the success of our business and share our commitment to achieving our goals stated in our mission statement.

Our success as a company is built by productive employees. Your job is essential to fulfilling our mission everyday for the company and for our clients. We achieve this through dedicated hard work and commitment from every one of our team members. It is the desire of Arnold Scott Harris, P.C. to have every associate succeed in their job and be a part of achieving our company goals.

We are pleased to provide you with our Employee Handbook that has been prepared to provide you with some general information and to acquaint you with the more important policies and procedures here at Arnold Scott Harris, P.C. The Employee Handbook contains the key policies, goals, benefits, and the expectations of our company, along with other information you will need while employed here. You should use this handbook as a helpful reference as you pursue your career with Arnold Scott Harris, P.C.

Again, let us welcome you aboard! We are excited that you are joining the team and we look forward to working with you.

Sincerely,

Arnie Harris
President

Dave Harris

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INTRODUCTION

Welcome

Welcome to Arnold Scott Harris, P.C. (also called “the Company” in this handbook). We have selected you to become part of our team because we believe you have the talent to contribute to the success of the company. We hope you will find your employment to be both rewarding and challenging. If you are a current employee, we would like to thank you for your commitment to our company.

This Employee Handbook outlines the current policies and procedures in effect at the Company (at the time of publication) as well as the general terms and conditions of employment for all employees. This Handbook is designed to familiarize you with our major policies. We are sure the Handbook will be a helpful reference during your association with our Company. Also, we encourage you to freely ask questions to management or Human Resources. By doing so, you will have a thorough understanding of the company and your position.

All previously issued handbooks and any inconsistent policy or benefit statements or memoranda, are superseded by this Handbook. The Company reserves the right to revise, modify, delete or add to any and all policies, procedures, work rules or benefits stated in this handbook or in any other document, with or without notice, except for the policy of at-will employment. However, any such changes must be in writing and must be signed by the Manager of Human Resources. This handbook is the sole property of the Company and may only be reproduced by Human Resources.

Mission Statement

To provide outstanding accounts receivable recovery services, with the understanding that our reputation and that of our client is more important than collecting any one single account.

Core Values

Respect
Compassion
Counseling
Trust
Personal Responsibility

Employment At Will

It is the policy of the Company that all employment is on an ‘at will’ basis which allows the employment to be terminated at any time by either the employee or the Company ‘at will’ with or without cause. Nothing in this manual shall be held to convey to any employee a promise or offer of any type of right to continued employment or terms of employment. This is not an employment contract. Any change to the at-will employment status must be in writing and approved by the Manager of Human Resources.

UNLAWFUL POLICIES

Equal Employment Opportunity

The Company is an equal opportunity employer and makes employment decisions on the basis of merit. Company policy prohibits unlawful discrimination based on race, color, creed, sex, religion, marital status, veteran status, age, national origin or ancestry, citizenship, physical or mental disability, medical condition including genetic characteristics, sexual orientation, or any other legally protected status. All such discrimination is unlawful.

The Company is committed to complying with all applicable laws and providing equal employment opportunities. This commitment applies to all persons involved in the operations of the Company and prohibits unlawful discrimination by any employee of the Company, including supervisors and co-workers. This policy applies to all aspects of the employment relationship including, recruitment, hiring, compensation, promotion, transfer, disciplinary action, layoff, return from layoff, and training.

Americans with Disabilities Act

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual who is an applicant or an employee with a disability unless undue hardship to the Company would result.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact Human Resources and request such an accommodation. The individual with the disability should specify what accommodation he or she believes is needed to perform the job. The Company then will work with the individual to identify the barriers to performance. The Company will identify possible accommodations (if any) that best serve the needs of the Company and the individual. If the accommodation is reasonable and will not impose an undue hardship on the Company, as provided by law, the Company will make the accommodation.

Unlawful Harassment

The Company is committed to providing a work environment free of harassment where employees treat each other with respect, dignity, and courtesy. Company policy prohibits sexual harassment, and harassment based on pregnancy, childbirth or related medical conditions, race, religion, creed, sex, color, national origin or ancestry, citizenship, physical or mental disability, medical condition, marital status, veteran status, age, sexual orientation or any other legally protected status. All such harassment is unlawful. The Company's anti-harassment policy applies to all persons involved in the operation of the Company and prohibits unlawful harassment by any employee of the Company, including supervisors and employees, temporary workers, and anyone else with whom the Company conducts business. In addition, those in a supervisory or managerial position will be responsible for taking proper action to end such behavior in their work areas.

Prohibited unlawful harassment includes, but is not limited to, verbal conduct (such as foul language, derogatory jokes or comments, slurs, or unwanted sexual advances or comments); visual conduct (such as derogatory and/or sexually oriented posters, photography, cartoons, drawings or gestures); physical conduct (such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected status); and threats or demands to submit to sexual requests (such as a condition of continued employment or advancement, or to avoid some other loss,).

Sexual Harassment under this policy is defined as: any unwelcome conduct of a sexual nature (including but not limited to, jokes, sexual innuendoes, sexual advances or requests, obscenities and the display of sexually suggestive photographs and photographs of nude or partially nude men and women), if submission to the unwelcome conduct is made either an express or implied condition of employment; or submission to or rejection of the unwelcome conduct is used as the basis for an employment decision; or the unwelcome conduct has the purpose or effect of substantially interfering with an employee's work performance or creates an intimidating, hostile, or offensive work environment.

It is important to remember that an individual need not be propositioned, touched offensively, or directly subjected to sexual innuendo to be harassed. Any demeaning, intimidating or hostile conduct toward an individual based on his/her sex can constitute sexual harassment.

Complaint Procedures:

If you believe that you have been unlawfully harassed or discriminated against, you should provide a written complaint to the Manager of Human Resources as soon as possible after the incident. If you do not feel comfortable reporting the incident to the Manager of Human Resources for any reason, you may make your complaint to the Chief Financial Officer. Your written complaint should include details of the incident or incidents, names of the individuals involved and names of any witnesses.

This reporting requirement applies to harassment or discrimination, which occurs offsite, as well. Any delay in reporting suspected incidents of harassment will not preclude an investigation into the incident, but may inhibit the Company's ability to prevent and promptly remedy such incidents.

While management should refer all harassment and discrimination complaints to the Manager of Human Resources, it is the employee's responsibility to file the complaint. The Company will undertake an effective, thorough and objective investigation of the allegations.

If the Company determines that unlawful harassment or discrimination has occurred, remedial action will be taken in accordance with the circumstances involved. Any employee determined by the Company to be in violation of the policy will be subject to appropriate disciplinary action, up to and including termination. A Company representative will advise the complainant of the results of the investigation. In the event you are not satisfied with the disposition of your complaint, please report your concern to the Executive VP/COO of the Company.

The Company encourages all employees to report any incidents of harassment or discrimination immediately so that the complaints can be quickly and fairly resolved. **DO NOT ASSUME THE COMPANY IS AWARE OF YOUR PROBLEM.**

The Company will not retaliate against any employee for filing a complaint or for participating in the investigation of a complaint, and will not tolerate or permit retaliation by management, employees or co-workers. Retaliation is a violation of this policy and should be reported immediately. Any individual found to have retaliated against another individual for reporting an act of harassment will be subject to disciplinary action.

GENERAL EMPLOYMENT

Regular Employees

Regular employees are those who are hired to work on a regular schedule. Regular employees may be classified as full-time or part-time. Employees are considered "active" when they are working "continuously" and have not been put on an inactive status.

Full-Time Employees

Regular full-time employees are those who are normally scheduled to work and who do work a schedule of 40 hours per week. Employees that work less than 40 hours per week (not including holidays or PTO) for two consecutive pay periods will be moved to part-time status.

Part-Time Employees

Part-time employees are those who normally are scheduled to work less than 40 hours per week, but not less than 12 hours per week. Part-time employees may be assigned a work schedule in advance or may work on an as-needed basis.

Change of Status

When an employee moves from part-time to full-time, if the eligibility period has been fulfilled, they are eligible for benefits the first of the month following the change to full-time status. When moving from full-time to part-time, employees will no longer be eligible for benefits.

Temporary Employees

Temporary employees are those employed for specified short-term assignments or specific projects. Short-term assignments generally are periods of six months or less. However, such assignments may be extended. Temporary employees are not eligible for employee benefits except where mandated by applicable law.

Inactive Status

Employees who are on any type of leave of absence, work-related or non-work-related, will be placed on inactive status. During the time the employee is on inactive status, no benefits [i.e., paid time off] will be earned nor will seniority continue to accrue during this time, unless required by federal, state or local regulations.

Requesting a Transfer

In order to transfer to another open position within the company you must have been employed with the company for 90 days and be in good standing. If the individual is applying for a non-exempt position, good standing refers to no write-ups or suspensions for the past 3 months. If the individual is applying for an exempt position, good standing refers to no write-ups or suspensions for the past 6 months. No lateral transfers will be allowed (for example, moving from one department to another but staying in the same position) except at management's discretion. Just because a transfer has been applied for, does not guarantee the position. The offering of a position is at the discretion of management and Human Resources.

To apply for a transfer a position must be posted. Complete a transfer form and submit to Human Resources. The Human Resources Department will review your employment with the Company and will determine if you are eligible for a transfer. Human Resources will inform you of your eligibility to transfer and will set up any interviews that may follow. Positions will be offered based solely on qualifications of that individual to perform the essential job functions.

Job Duties

Your supervisor will explain your job responsibilities and the performance standards expected of you. Be aware that your job responsibilities may change at any time during your employment. From time to time, you may be asked to

work on special projects or to assist with other work necessary or important to the operation of your department or the Company. Your cooperation and assistance in performing such additional work is expected.

The Company reserves the right, at any time, with or without notice, to alter or change job responsibilities, reassign or transfer job positions, assign additional job responsibilities or change work hours.

Employee References

All requests for references must be directed to Human Resources. No other manager, supervisor or employee is authorized to release references for current or former employees. Human Resources will only disclose the dates of employment and the title of the last position held. If you authorize a disclosure in writing, the Company will also provide a prospective employer, lender or other institution with certain information needed about you within the limits of your consent.

Employee Records

The Company will restrict disclosure of your employee file to authorized individuals within the Company. Only Human Resources is authorized to release information about current or former employees. Disclosure of employee information to outside sources will be limited. However, the Company will cooperate with requests from authorized law enforcement or local, state or federal agencies conducting official investigations and as otherwise legally required.

Harris & Harris is required by law to keep current all employees' names and addresses. Employees are responsible for updating the information in their employee file as soon as any change occurs.

Open-Door Policy/Complaint Procedure

The Company believes in the involvement of its employees and encourages suggestions. The Company also knows that employees may have comments, suggestions, or complaints in regards to working conditions, treatment, etc. The Company takes good-faith complaints about work-related issues seriously. In order to make a formal complaint, begin by bringing the issue to the attention of your immediate supervisor within one week of the occurrence. If the issue continues or you believe the issue was not satisfactorily dealt with, you may put your concern in writing and present it to the Manager of Human Resources who will investigate the issue and provide a response. If the issue continues or the problem was not resolved, you may present the issue to the Executive VP/COO of the Company in writing who will attempt to reach a final solution.

This procedure, which we believe is important for both you and the Company, may not result in every issue being resolved to your satisfaction. However, the Company values your input and you should feel free to raise issues of concern, in good faith, without the fear of retaliation. Complaints related to harassment or discrimination should be made in accordance with the Company's Unlawful Harassment policy.

Employee Property

An employee's personal property, including but not limited to, contents of desks, packages, purses and backpacks, may be inspected upon reasonable suspicion of unauthorized possession of Company property, illegal substances or alcohol.

At the time of separation, employees should remove all personal items. If the separation is involuntary, Human Resources will escort the individual out of the office, remove all personal items, and bring them to the employee in the waiting area. If personal items are not removed, Human Resources will hold personal items for a period of five business days. After that time all items will be disposed of.

The company is at no time responsible for personal items.

Reductions in Force

Under some circumstances, the Company may need to restructure or reduce its workforce. If it becomes necessary to restructure our operations or reduce the number of employees, the Company will attempt to provide advance notice, if possible, so as to minimize the impact on those affected. If possible, employees subject to layoff will be informed of the nature of the layoff and the foreseeable duration of the layoff, whether short-term or indefinite.

Involuntary Terminations and Progressive Discipline

Violation of Company policies and rules may warrant disciplinary action up to and including termination. The Company has established a system of progressive discipline that includes verbal warnings, written warnings, and/or suspensions and termination. The system is not rigid or formal and the Company may, in its sole discretion, utilize whatever form of discipline is deemed appropriate under the circumstances, up to and including termination of employment for the first offense. All Company owned property (keys, cell phones, time/security badges, credit cards, computer equipment, security access, documents, disks, other materials containing proprietary information, etc.) must be returned immediately upon termination of employment. The Company's policy of progressive discipline in no way limits or alters the at-will employment relationship.

Voluntary Termination

An employee, who voluntarily resigns his/her employment, will voluntarily terminate employment with the Company. All Company owned property (keys, cell phones, time/security badges, credit cards, computer equipment, security access, documents, disks, other materials containing proprietary information, etc.) must be returned immediately upon termination of employment.

Dependants on Tax Forms

Employees will be allowed to change their dependents for each of their tax forms two (2) times per calendar year. The tax forms include both the Federal and State tax forms. If an employee would like to change their dependants after they have already changed them twice in a calendar year, they must show documentation that will verify the change. (i.e. Marriage certificate, Divorce documents, Birth of a Child, Eligibility to Claim exempt)

COMPENSATION

Hours of Work & Work Schedules

Your work schedule is based on the business needs and the office hours. Your supervisor will assign your individual work schedule. Based on business needs you may be required to change your schedule. All employees are expected to be ready to start work at the start of their scheduled shifts.

The workday (a consecutive 24-hour period) begins at 12:01 a.m. and ends at midnight. The workweek begins on Monday and ends on Sunday.

Break & Lunch Schedules

Breaks and lunches should be conducted away from the work area. Employees should punch in and out for lunch. Please see your supervisor to get your break and lunch times. Management has full discretion to change the scheduled time of breaks and lunches in accordance with the applicable laws.

Timekeeping Requirements

All non-exempt employees are required to record time worked using the payroll system provided. The Company requires all hourly employees to punch in and out to make sure that employees are taking their breaks as required by law.

Recording another employee's time, allowing another employee to record your time, or altering a time will not be tolerated and may lead to disciplinary action up to and including termination.

Any errors on your timesheet should be reported to your supervisor immediately. The employee will submit the correction to Human Resources after management has approved the correction. If the correction that is submitted is for the current payroll, it will be corrected for the current pay cycle. If an employee should submit a correction to Human Resources after payroll has been submitted, the employee will not receive a manual check for the missing time. The missing time will be added to the next payroll check. Continuous errors will result in disciplinary action up to and including termination.

Payment of Wages

All employees of the Company are normally paid their base pay every other Friday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, employees will be paid on the preceding workday.

Paychecks are normally available by 11:00am on Friday and are handed out individually. If you are not there to pick up your check, it will be given to the Human Resources Department. If an employee has pre-arranged time off during the time the paychecks are handed out, the employee may pick up their paycheck from Human Resources between 4:00pm – 5:00pm if the check is available at that time. In the case of an emergency, your check will be mailed to you. Under no circumstances will your check be given to anyone but you, even if a written consent is provided. If there is an error on your check, please report it immediately to Human Resources.

If you separate from the company, and you are enrolled in direct deposit, your final check will be direct deposited. If you do not have direct deposit, your final paycheck will be issued as a live check, and it will be mailed directly to the address we have in our system. Under no circumstances will your check be given to anyone but you, even if a written consent is provided. If there is an error on your check, please report it immediately to your supervisor. Please ensure your address is correct so any future company information and/or tax information can be mailed to the correct address.

Payment of Commission

Commissions on accounts are earned when payment is actually received by the Company, and payable in the month following collection. If the Company pays a commission for an account, but the funds are not available (for example, NSF's), the commission payment to the employee will be reversed.

Payments of Commissions and incentives based on the previous month's collection figures are normally paid on the second paycheck of the following month, unless otherwise specified. If there is an error on your check, please report it immediately to Human Resources. Errors will be corrected as soon as possible. If you are not there to pick up your check, it will be given to the Human Resources Department. If you do not pick up your check by the following business day, it will be mailed to the address we have in our system. In the case of an emergency, your check will be mailed to you. Under no circumstances will your check be given to anyone but you, even if a written consent is provided. If there is an error on your check, please report it immediately to your supervisor.

Employees on approved Leaves of Absence will be eligible to continue to receive commission for incoming payment arrangements made prior to the Leave of Absence.

Their promise desks and payments of terminated employees are transferred immediately upon termination. Employees' eligibility for commissions ends upon termination. The employee will be paid final commissions based upon payments actually received by the Company prior to termination minus any reversed payments. The final commission check will be available on the same day an employee would normally receive a commission check. Under no circumstances will your check be given to anyone but you, even if a written consent is provided. If there is an error on your check, please report it immediately to the Human Resources Department. If you separate from the company, and you are enrolled in direct deposit, your commission will be direct deposited. If you do not have direct deposit, your commission will be issued as a live check, and it will be mailed directly to the address we have in our system. Please ensure your address is correct so any future company information and/or tax information can be mailed to the correct address.

Payment of Bonus

Payment of bonuses and incentives are normally available on the 2nd paycheck of the month, unless otherwise specified.

Tax on Cash Payouts

All cash payouts that employees receive as an incentive will be taxed on their paychecks. Employees receive the cash after they win it, and will be taxed on their 2nd paycheck of the month. The cash is added to their paycheck, taxed, and then deducted from their paycheck.

Salary Deduction for Exempt Employees

Employees that are exempt from overtime requirements, pursuant to the federal guidelines set under the Fair Labor Standards Act (FLSA), are entitled to paid time off (PTO) in accordance with the Company's paid time off policy.

Deductions from exempt employees' salary will not be made for absences occasioned by the Company's operating requirements or for partial-day absences (although exempt employees may be disciplined for taking unapproved or excessive partial-day absences). If an exempt employee believes that an improper deduction has been taken from his or her salary, the employee should immediately raise the matter with Human Resources for investigation.

Direct Deposit/Pay Cards

The Company offers direct deposit/pay cards for all employees. You may start, stop or change the direct deposit/pay card at any time. To begin direct deposit, you must complete the form (available in Human Resources) and return it to Human Resources. Once the form is received it may take up to 2 pay periods before your check will be directly deposited to your financial institution/pay card.

To change or stop automatic payroll deposit/pay card, complete the Employee Action Form (available from Human Resources) along with a completed Direct Deposit form and return it to Human Resources. You will receive a regular payroll check on the first pay period after the receipt of the form.

Pay for Mandatory Meetings/Training

Non-exempt employees may be paid by the company for their attendance at meetings, lectures and training programs if the following conditions are met: must be approved by management, attendance is mandatory, and the meeting, course or lecture is job related. If these conditions are met, employees will be compensated at their regular rate of pay.

Overtime

Non-exempt employees may be allowed to work overtime on rare occasions (if approved by management). Exempt employees are expected to work the hours required to perform their job duties and are not eligible for extra overtime pay. Overtime is defined as any time worked (actual hours worked in a given day or week) over 40 hours per week. The Company provides compensation for all overtime hours worked by non-exempt employees in accordance with state and federal laws.

Unauthorized overtime is NOT PERMITTED, regardless of the reason. The Company will take disciplinary action, up to and including termination for anyone who works unauthorized overtime.

Advances or Loans

The Company does not permit advances against paychecks or against time off that is not yet accrued. The only loan available to an employee is through a qualified 401K plan. See Human Resources for details.

Employee Expense Accounts

The Company normally reimburses employees for business expenses within 30 business days of submittal of a properly completed expense form with the proper receipts and documentation. Employees who have expense accounts or who have incurred business expenses must submit required receipts and the required form to accounting. Questions about the company's expense reimbursement policy should be directed to the Controller.

Inclement Weather/Natural Disaster

In the event of severe weather or a natural disaster that prevents employees from safely traveling to and from work employees must contact their supervisor immediately. These absences will be reviewed on a case-by-case basis.

Computer Downtime

Most computer maintenance will be scheduled ahead of time so you can prepare for the downtime. In the event the downtime is not expected, employees are to wait for one hour for the system to return to normal. After that hour, a determination will be made whether to stay or leave. If employees are required to leave and are non-exempt, employees will only be paid for the time while at work.

Child Support Order/Garnishments

If the Company receives a child support order or garnishment to withhold money from your paycheck, the Company is required to comply with such order as a matter of federal and state law. Questions regarding child support orders or garnishments should be directed to Human Resources. Concerns regarding child support order or garnishments should be directed to the originator of the child support order or garnishment.

Work Eligibility Requirements

The federal government requires that within three business days of your first day of work, you must complete an employment eligibility verification (I-9) form and provide documentation showing your eligibility to work in the United States. This information will remain confidential with Human Resources.

CONFIDENTIAL INFORMATION AND CONFLICT OF INTEREST

Drug-Free Workplace

In order to maintain a work environment that is safe and conducive to high work standards and production, it is the policy of the Company to maintain a Drug-Free Workplace. Employees who use, possess, or are under the influence of drugs and/or alcohol at work or on The Company premises present a hazard to themselves and others. In addition to the potential criminal and civil consequences of their conduct, these employees reduce productivity and hurt morale.

At this time, The Company is not implementing a drug testing policy. However, The Company requires that all employees be drug and alcohol free while at work, while on The Company premises, and while conducting business-related activities off The Company premises. No employee may use, possess, manufacture, distribute, dispense, sell, or be under the influence of alcohol or any controlled substance while working on their job with The Company. The legal use of prescribed drugs is permitted on the job if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action, up to and including immediate termination of employment, or required participation in a substance abuse rehabilitation or treatment program. Such violations may also have legal consequences.

Employees with questions or concerns about substance dependency or abuse are encouraged to discuss these matters with the Company's Employee Assistance Program or the Company's Human Resources Department. Please see the Human Resources Department for information on the Company's Employee Assistance Program. The Company encourages employees to seek voluntary treatment for substance abuse problems. It is the employee's responsibility to seek treatment assistance BEFORE alcohol or drug use leads to disciplinary action under this Policy.

In administering this policy, the Company will attempt at all times to be sensitive to the privacy rights and confidentiality of all employees. Information and records related to treatment and related medical explanations will be treated as confidential to the extent possible.

As a condition of employment with The Company, you agree to abide by the terms of this policy and agree to notify The Company if you are convicted of violating any criminal drug statute within five days of such conviction.

The Company expressly reserves the right to change, modify, or terminate this Policy at any time.

Employment of Relatives

Relatives of employees may be eligible for employment with the Company only if the individuals involved do not work in a direct supervisory relationship, or in job positions in which a conflict of interest could arise. "Relatives" are defined to include spouses, children, siblings, parents, in-laws, step-relatives and domestic partners. Present employees who marry will be permitted to continue working in the job position held only if they do not work in direct supervisory relationship with one another or in job positions involving conflict of interest. Employment of relatives is entirely at the company's discretion and Human Resources should be notified of any family relationship. Failure to notify Human Resources may result in disciplinary action up to and including termination.

Personal Relationships

Personal or romantic relationships with a competitor, supplier, or fellow employee of the Company may create a conflict of interest. For this reason personal or romantic relationships between a supervisor and subordinate are prohibited. If an employee is promoted and has supervisory responsibilities over an employee in which there is a personal or romantic relationship this should be reported to Human Resources. The Company may place either the supervisor or employee in another department to prevent a conflict of interest. Employees that are in a personal or

romantic relationship with a competitor or supplier are required to notify Human Resources. Questions should be discussed with Human Resources. Failure to notify Human Resources may result in disciplinary action up to and including termination.

Off-Duty Conduct

While the Company does not seek to interfere with the off-duty and personal conduct of its employees, certain types of off-duty conduct may interfere with the Company's legitimate business interests. Employees are expected to conduct their personal affairs in a manner that does not adversely affect the Company's or their own integrity, reputation or credibility. Illegal or immoral off-duty conduct on the part of an employee that, in the Company's view, adversely affects the Company's legitimate business interests or the employee's ability to perform his or her job will not be tolerated. Inappropriate off-duty conduct may result in disciplinary action up to and including termination.

Outside Employment

The Company expects employees to be dedicated to the Company, however also understands that employees may hold second jobs. An employee holding a second job must ensure that job is not in conflict of interest with The Company. The following are considered to be conflicts of interest: work schedule conflicts, the second job is a direct or indirect competitor of the Company, the employee has a decline in performance, the employee uses the company's facilities or property to conduct business, or working at another job while on a company approved leave of absence. Due to the possibility of a conflict of interest, second jobs must be reported to Human Resources. Failure to do so may result in disciplinary action up to and including termination.

Confidentiality

Employees will have access to confidential information regarding our customers, clients, suppliers, and possibly even fellow employees. The Company expects each employee to be responsible when working with confidential information. Confidential information should not be shared with individuals not employed by the Company. This applies even after your separation with the Company. Failure to follow this policy may result in disciplinary action up to and including termination as well as legal action.

Conducting Personal Business

Employees are to conduct only company business while at work. Employees may not conduct personal business or business for another employer during their scheduled working hours. Failure to follow this policy may result in disciplinary action up to and including termination.

Acceptance of Gifts

No employee may accept a gift from a customer, supplier, or competitor of cash value. An employee may meet with customers, suppliers, or competitors for business purposes and may partake in entertainment (for example: meals, football games, conferences) so long as such entertainment is consistent with accepted business practices, does not violate any law, and is ethical. Failure to follow this policy may result in disciplinary action up to and including termination.

Employee Product

All work product created by employees while employed with the Company is retained and owned by the Company, even after the employee separates from the Company. Any employee who creates work product for the Company and attempts to copy or use for their own purposes may be subject to disciplinary action.

Visitors

Visitors are only allowed in the facility for business purposes and must be escorted at all times. Visitors are required to check in at the front desk. If the visitor is here to visit an employee for personal reasons, the employee may, if management approves, clock out and proceed to the front desk.

HIPAA

It is the intent of the Company to safeguard the privacy and security of its applicants and employees' protected health information as defined by the Health Insurance Portability and Accountability Act (HIPAA).

Protected health information includes individually identifiable information, maintained or transmitted through any medium, relating to an individual's past, present, or future physical or mental health or healthcare. Health information is considered individually identifiable if it either identifies a person by name or creates a reasonable basis to believe the individual could be identified (through identifiers such as address, social security number, dates of service, telephone number, email address, or vehicle identification number).

It is the policy of the Company to ensure the confidentiality, integrity, and availability of protected health information entrusted to the company by its applicants and employees by protecting those assets from unauthorized access, alteration, deletion, or unauthorized transmission and to ensure their physical security. All employees of the Company shall not at any time access, use, or disclose to any person or entity, any protected health information of the Company's applicants or employees, except as necessary and authorized in the course of their duties and responsibilities with the Company. Similarly, all employees are prohibited from making any unauthorized transmission, alteration, deletion, or unauthorized access of protected health information. Such unauthorized transmission includes, but is not limited to, removing and/or transferring protected health information in the Company's computer system to an unauthorized location.

These privacy and security obligations apply regardless of the manner in which the protected health information is acquired, whether it was communicated verbally, in writing, electronically, or in any format, and regardless of whether it was communicated directly to the individual or intended for his/her access.

The unauthorized access, use, disclosure, alteration, deletion, or unauthorized transmission of protected health information in violation of this policy may subject you to disciplinary action up to and including termination.

STANDARDS OF CONDUCT

Criminal Background Checks

The Company reserves the right to conduct a criminal background check for every candidate that is offered a position. The Company also reserves the right to conduct criminal background checks on current employees who are promoted to new positions. Once you're employed you must disclose any criminal convictions, which includes misdemeanors and felony convictions received. Failure to do so may result in disciplinary action up to and including termination. The Company reserves the right to conduct criminal background checks on any employee for any reason at any time. The Company reserves the right to revoke an offer from a candidate or deny a promotion based on the information received in the background checks or the refusal to grant consent to a criminal background check.

Reference Checks

The Company reserves the right to conduct a minimum of two business references for every candidate that is offered a position. If two business references cannot be located, the Company may check personal references. The Company reserves the right to revoke an offer from a candidate based on the information received in the reference checks.

Prohibited Conduct

It is not possible to list all the forms of behavior that are considered unacceptable in the workplace. The following list is not exhaustive, but simply is intended to provide examples of conduct that will result in disciplinary action. The following conduct is prohibited and will not be tolerated by the Company. Many of these offenses will lead to immediate termination.

- Falsification of Company records
- Altering, falsifying, tampering with time clocks or recording time on another employee's time clock
- Willful damage or destruction to Company property or the property of any employee or customer
- Removing or borrowing Company property without prior authorization
- Unauthorized use of Company equipment, time, materials, or facilities
- Provoking a fight or fighting during working hours or on Company property
- Participating in horseplay or practical jokes on Company time or on Company premises that endangers employees or damages company property
- Carrying firearms or any other dangerous weapons on Company premises at any time
- Engaging in criminal conduct whether or not related to job performance
- Insubordination, including but not limited to failure or refusal to obey the orders or instructions of a supervisor or member of management, or the use of abusive or threatening language toward a supervisor or member of management
- Using abusive or threatening language at any time on Company premises
- Failure to obtain permission to leave work for any reason during normal working hours
- Sleeping or malingering on the job
- Committing a fraudulent act or a breach of trust under any circumstances
- Misuse of electronic communications or engaging in defamation, copyright or trademark infringement, misappropriation of trade secrets, discrimination, harassment or related actions
- Any type of recording or taping of conversations by employees, without the written consent of the Manager of Human Resources

Remember: employment with the Company is at the mutual consent of the Company and you, and either party may terminate that relationship at any time, with or without cause, and with or without notice.

Attendance

Good attendance is critical to the success of The Company. All employees are expected to report to work at their scheduled time and be ready to work.

Approved Absences

Absences requested in advance by the employee and approved by the supervisor (e.g., PTO, jury duty, FMLA, time off to vote, etc.) will not be recorded as an approved absence. Employees must request time off in writing. Requests will be considered based on business demands. Management has full discretion while approving time off for an employee. If an employee has available PTO time, they may still not be approved by management based on coverage in the department.

Requests for one day off should be requested at least one business day in advance. Requests for more than one business day but less than 5 business days should be made at least two weeks in advance. Requests for 5 or more business days should be submitted at least one month in advance.

An entire day off is defined by:

- 8 hours on Monday – Friday
- 4 hours on Saturdays

Call-in Procedure

If an employee is calling to report that he or she will be absent, the call must be made to the direct supervisor or manager before the start of the employee's shift. The employee should leave a message on their direct supervisors or managers voicemail.

Job Abandonment

Employees who are absent for two or more consecutive scheduled business days without notifying their supervisor will be considered to have voluntarily resigned. A one-day no call/no show will typically result in a written warning.

Tardiness

A tardy is defined by arriving late to work after your scheduled start time. The Senior Director's have full authority to waive the employees tardies due to inclement weather or the building's elevator issues.

Policy Guidelines for Absences and Tardiness

Poor attendance and tardiness are disruptive to the workplace. Either may lead to disciplinary action, up to and including termination of employment. Generally, the Company will follow its policy of progressive discipline with respect to unplanned and unapproved absences and tardiness, as outlined below. However, the Company reserves the right to implement whatever level of discipline it believes is appropriate to the circumstances, including immediate termination.

Dress Code

The Company has established a Dress Code Policy. The Company considers it very important that you are dressed appropriately for your job and, while we trust each employee’s common sense and good judgement, a dress code must be followed that is appropriate to the work environment. Appropriate dress is important in promoting a positive company image.

While The Company observes a business casual dress environment and a casual dress environment on certain days of the week, there may be situations requiring the changing of the dress environment to accommodate management’s needs. If you are unsure of the appropriate attire, please see the Human Resources Department.

The following clothing is NOT ALLOWED: spandex; bare feet; any skin exposed between bottom of shirt and pants/skirt; leather; sexually provocative clothing; hats; blankets; headdresses; clothing with profanity, clothing with writing on tops/shirts; clothing with writing or large graphics on pants; nude or semi-nude pictures; cartoons; exposed undergarments; any clothing with logos that are bigger than 2 inches x 2 inches; any tank tops for women must cover the entire shoulder; large pendent jewelry; rubber gardening shoes (Crocs); shorter/revealing shorts/skirts.

Professional Dress Environment:

Monday, Tuesday, Wednesday, & Thursday

Casual Dress Environment:

Friday & Saturday

Violation of the Company’s Dress Code Policy

Department managers are responsible for ensuring their departmental personnel are in compliance. If any employee is in violation of the company’s Dress Code Policy, the manager will hand the employee a Dress Code Violation Slip. Once an employee has received three violation slips they will be suspended. The manager will select which day the employee will serve their suspension and will give advanced notification to the employee on which day suspension will be served. If the employee should arrive in violation of the Company’s Dress Code Policy subsequent to their suspension, they will be issued another suspension. The violation process will be administered on a quarterly basis. After the quarter closes, the employee’s violations will be reverted back to zero occurrences.

Dress Code Guidelines

The following lists are provided for illustrative purposes only and not for the purpose of limitation. The list is based upon the company’s concerns and strong desire to increase productivity as well as maintain an atmosphere which is free of harassment of any kind.

| Professional Dress Environment for Men | |
|---|--|
| Acceptable | Not Acceptable |
| Dress Pants, Khaki Pants, Corduroy Pants | Jeans, Shorts, Sweatpants, Athletic Attire, Overalls |
| Sweaters, Collared Shirts (must be tucked in or hang with in 12 inches of belt), Dress Shirts, Turtlenecks, Polo Type Shirt, Blazer/Sport Coat, All Collared Shirts must be buttoned up | Sweatshirts, T-Shirts, Sleeveless Shirts, Jerseys, Jean Shirts, Jean Jackets, Tops that include a Hood |
| Loafers, Dress Shoes, Boat/Deck Shoes, Dress Boots | Athletic Shoes, Work Boots, Hiking Boots, Sandals |

| Professional Dress Environment for Women | |
|--|--|
| Acceptable | Not Acceptable |
| Dress Pants, Khaki Pants, Corduroy Pants, Skirts, Dresses, Business Capri's, Executive Shorts (must cover at least half of knee) | Jean Skirts, Jeans, Shorts, Sweatpants, Velor/Terry Cloth pants, Athletic Attire, Stretch Pants or Leggings, Overalls, Shorts (above knee) |
| Sweaters, Blouses, Dress Shirts, Turtlenecks, Polo Type Shirt, Blazer/Sport Coat, Tank Tops (must be cover the entire shoulder) | Sweatshirts, Zip Up Hooded Sweatshirt, T-Shirts, Jerseys, Halter Tops, Spaghetti Straps, Backless Shirts, Off the Shoulder Shirts, Jean Shirts, Jean Jackets Tops that include a Hood |
| Dress Shoes With or Without Heel, Loafers, Slides, Open Toed Shoes, Boots, Dress Sandals | Flip Flops, Thong Sandals, Hiking Boots, Hiking Sandals, Athletic Shoes |

| Casual Dress Environment for Men & Women | |
|--|--|
| Acceptable | Not Acceptable |
| Jeans, Jean Capri's, Jean Skirts, Jean Shirts, Jean Jackets, Shorts | Sweatpants, Athletic Attire, Stretch Pants or Leggings, Velor/Terry Cloth Pants, Overalls |
| Sweaters, Blouses, Dress Shirts, Turtlenecks, Polo Type Shirt, Blazer/Sport Coat, Tank Tops (must cover entire shoulder) | No Shirt is to have a logo (bigger than 2 inches x 2 inches), Sweatshirts, Zip Up Hooded Sweatshirts, T-Shirts, Jerseys, Halter Tops, Spaghetti Straps, Backless Shirts, Off the Shoulder Shirts, Tops that include a Hood |
| Athletic Shoes, Dress Shoes With or Without Heel, Loafers, Slides, Open Toed Shoes, Boots, Dress Sandals, Hiking Boots | Flip Flops, Thong Sandals, Hiking Sandals, Rubber Gardening Shoes (Crocs) |

Customer Relations

The Company expects all of its employees to treat our customers with respect. If you cannot help a customer, we expect that you find someone that can. Never argue with a customer. If a problem develops, or if the customer remains dissatisfied with your assistance, place the customer on hold and find a member of management to intervene.

All correspondence and documents, whether to customers or others, must be neatly prepared and error-free. Attention to accuracy and detail in all paperwork demonstrates your commitment to those with whom we do business. Company documentation must be on an approved standard form or must be approved by your manager prior to release. Failure to follow the customer relations expectations may result in disciplinary action up to and including termination.

Cell Phones

Cell phones are not to be used anywhere in the Company, this includes the bathroom and entryway. Cell phones must be kept on silent, vibrate, or turned off. If you need to take an emergency call, please advise your supervisor and leave the Company to take the call. Please keep the call short. Failure to follow this policy may result in disciplinary action up to and including termination. Cell phone usage is acceptable if approved by management.

Personal Calls

Personal calls are not allowed during work hours. If you need to make a personal call, you may do so during break time using the company provided phone by the employee entrance. If there is an emergency and you need to make a personal call during work hours, please advise your supervisor and use the company provided phone by the employee entrance. Personal calls should not be made to co-workers during working hours. If you need to speak with a co-worker regarding personal matters, please wait until break or lunch time to do so. Failure to follow this policy may result in disciplinary action up to and including termination.

Company Sponsored Events

Company sponsored events scheduled outside of normal business hours are optional. No employee shall feel it is required to attend such events. Alcohol may or may not be served during such events. Alcohol is served at the company's discretion. If alcohol is served, only those employees of legal age may be served. No employee should feel obligated to consume alcohol at such events. If an individual chooses to consume alcohol, the employee does so at his or her own risk. The company reserves the right to arrange transportation for any individual that is suspected of being intoxicated and to cease the serving of alcoholic beverages to any individual suspected of being intoxicated. Management should remember that even at company social events, they should set the standard for acceptable, responsible behavior.

Political/Campaign Activities

The Company encourages employees to exercise their constitutional right to vote and participate in the political process; however, political and campaign activities can be disruptive to the work place. Due to this employees may not use work time or company resources (telephones, computers, facsimile machines, email, photocopies, office supplies, etc.) to accomplish political goals, solicit or encourage monetary contributions for a political party or campaign during work hours, use company facilities (break areas, conference rooms, etc.) for political or campaign activity, or use the company's name or affiliation in connection with any political or campaign activity. Failure to follow this policy may result in disciplinary action up to and including termination.

Workplace Violence

The Company has a zero-tolerance policy concerning violence in the workplace. Employees that engage in any type of violent behavior will not be tolerated. Employees that feel threatened should file a complaint with the Manager of Human Resources. Employees will not be retaliated against for filing such good faith concerns. Employees found to be in violation of the workplace violence policy will be subject to disciplinary action up to and including termination.

No Eating at Desks

The Company feels this policy is important to maintain our professional environment. We anticipate that employees will maintain the highest degree of integrity, honesty, and professionalism in their positions at the Company.

The following is a list of items that are acceptable & unacceptable at employee’s desks:

| Acceptable to Eat/Drink at Desk | Unacceptable to Eat/Drink at Desk |
|--|---|
| Beverages | Food, Snacks, and the like |
| Individually wrapped hard candy | All types of candy not individually wrapped |
| Gum | Chocolate & all Desserts |
| Breath Mints | All types of Seeds & Nuts |
| Cough Drops | |

Violation of the Company’s No Eating at Desks Policy

Department managers are responsible for ensuring their departmental personnel are in compliance. If any employee is in violation of the company’s No Eating at Desks Policy, the manager will hand the employee an Eating at Desk Violation Slip. Once an employee has received three violation slips in a six (6) month period, they will be suspended. The manager will select which day the employee will serve their suspension and will give advanced notification to the employee on which day suspension will be served. If the employee should violate the Company’s No Eating at Desks Policy subsequent to their suspension, they will be issued another suspension. Once the employee has served their suspension, they will be reverted back to zero occurrences and will have to adhere to the policy during the six (6) month period.

The tracking periods for the violations are:

- Period 1 - January 1 – June 30
- Period 2 - July 1 – December 31

After the tracking period is completed, the employee will be reverted back to zero occurrences and will have to adhere to the policy.

Exceptions to No Eating at Desks Policy

There are certain exceptions that are being made to allow certain departments & employees the ability to work through their lunches while eating at their desks. The list of the exceptions is as follows:

- Management Employees (excluding Supervisors, Assistant Managers, & Team Leads)
- Employees that reside in an office
- Human Resources Department
- IT Department

During company wide sponsored events, employees will be allowed to eat at their desks if given permission. No other exceptions will be made.

COMMUNICATIONS/TECHNOLOGY

Employer Property & Electronic Communications

Desks, headsets, telephone equipment, and computers are the property of the Company and must be maintained according to Company policy. Company equipment (voice mail, E-mail, Internet, etc.) should be used for work related purposes only. The Company reserves the right to listen to voice mail messages and to access and monitor electronic files, including E-mail messages, to ensure compliance. The Company reserves the right to inspect all Company property to ensure compliance. Inspection of Company property may be done without further notice to the employee and in the employee's absence. Prior authorization must be obtained before any Company property may be removed from the premises.

It may be necessary to assign and/or change "passwords" and personal codes for voice mail, E-mail, and computer terminals. Please note that the distribution of passwords does not in any way provide you with any confidentiality in your use of these systems. These items are to be used for company business and they remain the property of the company. The company can override any such password system. Failure to follow may result in disciplinary action up to and including termination.

Use of Electronic Media

The Company uses various forms of electronic communication including, but not limited to computers (personal lap-tops), E-mail, telephones (cellular, cordless), voicemail, fax machines, and Internet. All electronic communications, including all software and hardware, remain the sole property of the company and are only to be used for company business, and not for personal use.

Electronic communication/media may not be used in any manner that may be considered by the Company as discriminatory, harassing or obscene, or for any other purpose which is illegal, against company policy or not in the best interest of the company. Employees who misuse electronic communications including, but not limited to, engaging in defamation, copyright or trademark infringement, misappropriation of trade secrets, discrimination, harassment or related actions will be subject to disciplinary action up to and including termination.

Employees may not download or install personal software in company computer systems without the consent of the IT Department. All electronic information created by any employee using any means of electronic communication is the property of the company and remains the property of the company. Personal passwords may be used for purposes of security, but the use of a personal password does not affect the company's ownership of the electronic information and does not provide confidentiality in use of the systems. The company will override all personal passwords if it becomes necessary to do so for any reason.

The company reserves the right to access and review electronic files, messages, E-mail, etc., and to monitor the use of electronic communications as is necessary to ensure that there is no misuse or violation of company policy or federal/state law.

Employees are not permitted to access the electronic communications of other employees or third parties unless directed to do so by company management. Employees who use cell phones; cordless phones, portable computers and fax communications should not use these methods for communicating confidential or sensitive information or any trade secrets. Failure to follow may result in disciplinary action up to and including termination.

Internet Access

Access to the Internet, Web sites and other types of company-paid computer access are to be used for company-related business only. The IT Department must approve any information about the company, its products or services, or other types of information about the company before the information is placed on an electronic information source. Questions about access to electronic communications or issues relating to security should be addressed to the Director of IT. Failure to follow may result in disciplinary action up to and including termination.

Off-Duty Use of Facilities

Employees are expressly prohibited from using Company facilities, Company property or Company equipment for personal use. Failure to follow may result in disciplinary action up to and including termination.

Company Bulletin Boards

Bulletin boards are used to provide information to employees concerning personnel or business related matters. Human Resources will determine whether or not to post something on the bulletin board. No one other than Human Resources may post something on the bulletin board. Failure to follow this policy may result in disciplinary action up to and including termination.

Media Contacts

Employees may be approached for interviews or comments by the news media. Only people designated by the Executive VP/COO may comment on Company policy or events that have an impact on the Company. If you have not been advised that you are such a person, please direct any calls for interviews or comments to the Human Resources Department.

Recording Devices/Camera Phones

The Company prohibits the use of recording devices (cameras, camera phones, tape recorders, or any other type of recording device) which may pose a threat to company privacy. This policy applies to visitors as well, and employees escorting visitors are responsible for informing the visitors. Violators of this policy will be subject to disciplinary action up to and including termination.

SAFETY AND SECURITY

Security

Report any suspicious persons or activities to management or Human Resources. Secure your desk at the end of the day or when called away from your work area for an extended length of time. Also, do not leave valuable or personal articles in or around your workstation that may be accessible.

Only authorized persons and employees are allowed to enter the building. If you are in doubt whether to let someone in or not to let them in, contact Human Resources.

Upon hire, each employee of the Company will be issued a security badge, which provides access into the office. Employees are expected to carry this badge at all times.

If the employee should forget the badge within in the office and attempt to enter the company premises, the receptionist will not allow the employee to enter. The employee will be required to show identification & sign in to enter the company premises. If the employee does not have identification on them at the time, the receptionist will call the employee's manager to verify the employee works here. The employee will then be required to sign in after the manager's verification. If an employee has 3 sign-ins in a calendar month due to not having their security badge to access the company premises, the employee will be written up by their manager. After signing in and verification from the employee's manager, the employee may enter the company premises and clock in and begin work (this may constitute a tardy per the attendance policy). *See Attendance Policy for details.*

If an employee does lose or forget their badge, the receptionist in the front lobby will not allow company access. The employee must notify the receptionist that they do not have their badge, and the receptionist will contact Human Resources. A member of Human Resources will escort the employee into the office, and issue a new badge. The replacement fee for a security badge is \$20.00. The replacement fee will be automatically deducted from the next payroll check. Once the badge is received, the employee may clock in and begin work (this may constitute a tardy per the attendance policy). *See Attendance Policy for details.*

Each employee of Harris & Harris is required to return their security badge if their employment is terminated at the company.

Health and Safety

The Company encourages safe and proper work procedures and requires that all employees follow safety instructions and guidelines. We are committed to providing appropriate resources to create a risk-free environment. In compliance with applicable laws, codes or propositions, the Company will inform employees of any known exposure to a chemical known to cause cancer or reproductive toxicity. In the case of an emergency, please follow the escape routes that are posted throughout the facility.

Worker's Compensation

To ensure that you receive any workers' compensation benefits to which you may be entitled, you will need to report any work related injury to Human Resources, seek medical treatment and follow-up care if required, complete worker's compensation paperwork and provide Human Resources with the proper medical certification. If you have any questions please contact Human Resources.

Smoking

Smoking is prohibited inside the Company. Employees may only smoke in the designated smoking areas. The Company wants to ensure that all employees are in compliance with the city's smoking ordinance. The ordinance requires that all smoking must happen at a minimum of 15 feet from the building entrance. Smoking in any other surrounding areas is prohibited and may subject employees to discipline up to and including termination.

Housekeeping

The Company expects its employees to take pride in the workspace provided. Please keep your work area neat and clean. Shared areas such as the break room and bathrooms should be kept clean. Make sure you clean up after meals and dispose of trash properly. If you are aware of other employees not cleaning up after themselves contact management or Human Resources.

Employees Who Are Required to Drive

Employees who are required to drive a company vehicle or their own vehicle on company business will be required to show proof of current, valid driver's license and current effective insurance coverage prior to the first day of employment. Employees who drive their own vehicles on company business will be reimbursed at the rate specified by the Internal Revenue Service.

The company may transfer to an alternative position, suspend or terminate an employee whose license is revoked, or who fails to maintain personal automobile insurance coverage or who is uninsurable under the company's policy.

BENEFITS

Insurance & Retirement Plan Benefits

The Company has established a variety of benefits designed to assist you and your eligible dependents. This handbook contains a brief overview of the benefits to which you may be entitled as an employee of the company. This handbook does not provide the full details of the benefits, those can be found in the official plan documents located in Human Resources. Please note that nothing contained in the benefit plans described herein shall be held or construed to create a promise of employment or future benefits, or a binding contract between the Company and its employees, retirees or their dependents, for benefits or for any other purpose. The Company reserves the right to amend, modify, or terminate, in whole or in part, any or all of the provisions of the health benefit plans.

Full time, active, exempt & non-exempt regular employees may be eligible to receive the following insurance and investment benefits after three months of service, the first of the month following:

- Medical
- Dental
- Life Insurance

Full time, active, exempt & non-exempt regular employees may be eligible to receive the following insurance and investment benefits after six months of service, the first of the month following:

- 401K

In order to add, change, or terminate benefits either a family status event must have occurred or there must be an all-employee annual benefits enrollment. These are time sensitive, so please ensure you have communicated appropriately with Human Resources. Failure to communicate within the proper timeline may result in not being able to add, change, or terminate benefits.

Recruitment Bonus

The Company encourages employees to refer qualified candidates to the Company. If the Company employs your referral, a referral bonus will be paid to the employee under the following terms: the original employment application must state the current employee's name and both employees must be employed at the time the referral is paid. Referral bonuses are paid on the second paycheck of the month. The Company reserves the right to amend or cancel this bonus at anytime, with or without notice, with or without cause.

Exempt employees may participate in the Recruitment Bonus as well. To receive the Recruitment Bonus, the exempt employee that referred the candidate cannot refer them to their own department and participate in the hiring decision of the candidate. A referral bonus will be paid to the employee under the following terms: the original employment application must state the current employee's name and both employees must be employed at the time the referral is paid. Referral bonuses are paid on the second paycheck of the month. The Company reserves the right to amend or cancel this bonus at anytime, with or without notice, with or without cause.

COBRA

The Consolidated Omnibus Budget Reconciliation Act (COBRA) is a federal law allowing participants, including dependents, to continue group health coverage after a qualifying event (reduction in hours, separation from the company for reasons other than gross misconduct, divorce, etc.). The amount of time continuation of coverage is available is based on the type of qualifying event. Please see Human Resources if you have questions.

LEAVE

Holidays

Employees are eligible for holiday pay if the employee is full-time and has completed 90 days of service. The employee must work the scheduled day before and after the holiday or use approved Paid Time Off (PTO) to be eligible to receive holiday pay.

The Company observes the following paid holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

When a holiday falls on a Saturday or Sunday, it is usually observed on the preceding Friday or the following Monday. However, the Company may close on another day or grant compensating time off instead of closing. Holiday observance will be announced in advance.

Paid Time Off (PTO)

Full-time employees are eligible to accrue PTO on the first of the month following 3 months of full-time employment. PTO accrues each pay period based on the number of hours actually worked during that pay period. Annual accrual rates vary with length of continuous service as shown below:

Exempt Employees

| <u>Length of FT Service</u> <i>(Based on 40 hours work week)</i> | <u>Annual PTO Accrual Rate</u> | <u>Pay Period Accrual Rate</u> |
|---|--------------------------------|--------------------------------|
| Less than 1 year | 10 days | 3.07 hours |
| 1 year or more but less than 5 years | 15 days | 4.62 hours |
| 5 years or more but less than 10 years | 20 days | 6.16 hours |
| 10 years or more | 25 days | 7.69 hours |

Non-Exempt Employees

| <u>Length of FT Service</u> <i>(Based on 40 hours work week)</i> | <u>Annual PTO Accrual Rate</u> | <u>Pay Period Accrual Rate</u> |
|---|--------------------------------|--------------------------------|
| Less than 2 years | 10 days | 3.07 hours |
| 2 years or more but less than 5 years | 15 days | 4.62 hours |
| 5 years or more | 20 days | 6.16 hours |

- § PTO will be accrued bi-weekly. Employees will move to the next higher-level accrual rate on the anniversary date of their cumulative full time service date. Annual accrual rates are dependent on length of service.
- § Employees are required to submit their PTO request and obtain approval from their supervisor prior to using PTO whenever possible. Requests will be reviewed based on a number of factors including business needs and staffing requirements. However, employees may also use PTO for unforeseen absences and in accordance with the Attendance Policy and Holiday Pay Guidelines.
- § Employees are required to fill out a time off request form for all PTO usage. PTO hours will be charged against the employee's PTO account at the conclusion of the pay period during which it was taken.
- § Non-Exempt employees
 - PTO may be taken in advance but only up to negative 40 hours.
 - PTO can be taken in 1 hour increments
- § Exempt employees
 - Must be employed 1 year to take an advance of PTO over negative 40 hours.

- PTO can be taken in advance but only up to negative 80 hours.
- PTO can be taken in 4 or 8 hour increments
- § Prior Harris & Harris service will not be considered when determining length of service for re-hired employees
 - Exception: employees who have been with the Company for at least 12 consecutive months and who have been rehired within 60 days following the date of termination.
 - Exception: employees who have been with the Company for at least 5 years and who have been rehired within 180 days following the date of termination.
- § Temporary status of employees will not be considered in determining length of service for PTO accrual purposes.
- § Employees may continue to accrue PTO until the total amount of unused PTO reaches a “cap” equal to 2 times the employee’s annual PTO accrual rate. When this cap is reached, no further PTO will accrue. When the employee uses PTO and brings the available PTO below the cap, accrual will resume.
- § PTO is paid at the employee’s base pay rate at the time of absence. It does not include overtime or any special forms of compensation such as commissions or bonuses.
- § Employees are required to use any available accrued PTO prior to consideration for any unpaid absences. When an employee has exhausted his PTO accrual, any time-off from work will be unpaid, in accordance with applicable laws.
- § Employees on Leave of Absence (LOA) will not accrue PTO. When they return from LOA their length of service for PTO accrual purposes will be adjusted.
- § If a holiday occurs during an employee’s PTO, the employee will be paid for the holiday and the holiday itself will not be counted as PTO.
- § Employees who terminate employment will be paid only for all PTO accrued but not used. The terminating employee will receive a PTO accrual until the last full pay period worked. PTO will be paid at the current rate of the terminating employee in accordance with state laws. PTO will not be used to extend the last day of employment.
- § Employees who are currently earning PTO at a differing rate than the above schedule will maintain their current PTO rate, but will move to the next annual PTO accrual rate based on their length of service.

Leaves of Absence

The Company may, in its discretion, grant unpaid medical leaves of absence to employees in certain circumstances if other leaves required by law (including FMLA leave as described below) are not applicable. Employees must be with the company for 90 days before they will be eligible to be considered for a leave of absence. The maximum time limit for Company leaves is 6 weeks. A medical leave begins on the first day your doctor certifies that you are unable to work and ends when your doctor certifies that you are able to return to work or after a total of 6 weeks, whichever occurs first. Human Resources will supply you with a form for your doctor to complete, showing the date you were disabled and the estimated date you will be able to return to work. An employee returning from a medical disability leave must present a doctor’s certificate showing fitness to return to work. If an employee returns to work without a doctor’s note, the employee will be sent home and will be ineligible to return to work until a doctor’s note, stating a return to work date, is supplied by your treating physician.

It is important to request any leave in writing as far in advance as possible, to maintain regular contact with your supervisor or Human Resources during your leave, and to give prompt notice if there is any change in your return date. If your leave expires and you have not contacted your supervisor or the Company, you will be deemed to have terminated your employment. Upon return from a leave of absence, you will be credited with the full employment status that existed prior to the start of the leave, although you will not accrue any benefits during your leave.

If returning from a non-work-related medical leave you will be offered the same position held at the time of leave, if available. If this position is not available, a comparable position will be offered if available. If neither the same nor a comparable position is available, your return to work will depend on job openings existing at the time of your scheduled return. There are no guarantees of reinstatement and your return will depend on your qualifications for existing openings.

Federal Family Medical Leave (FMLA)

You may be eligible for family and medical leave if you have worked for Harris & Harris for at least 12 months and have put in at least 1,250 hours during the 12 month period before the leave is to begin.

Eligible employees are allowed up to 12 workweeks of unpaid family/medical leave within a 12-month period. The 12-month period is measured forward from the first day an employee takes FMLA leave. After the 12-month period ends, successive 12-month periods for FMLA leave start again with the first day the employee uses leave. There is no carryover of unused leave from one 12-month period to the next 12-month period. Employees will be required to use any available paid time off during the leave.

FMLA leave can be used for the following reasons:

- § To attend to the birth, adoption, or foster care placement of your child;
- § To attend to the serious health condition of our child, spouse or parent; or
- § To receive care for your own serious health condition that makes you unable to perform your job.

Leaves can be taken at one time or can be taken on an intermittent or reduced-hour schedule. Intermittent or reduced-hour leave requests for purposes of the birth, adoption, or placement of a child will be considered on a case-by-case basis. If leaves are foreseeable (e.g., for planned medical treatment), the employee must try to schedule treatment so as not to unduly disrupt the employer's operation.

If the company employs both husband and wife, FMLA leave may be limited to a combined total of 12 weeks of leave for the 12-month period. This applies to the birth of the employee's child, or to care for that child, for placement of a child with the employee for adoption or foster care, or to care for the child, or to care for the employee's parent. If one spouse is ineligible for FMLA leave, the other would be entitled to the full 12 weeks of leave. However, each could qualify for the remaining leave not taken individually due to his or her own or their child's or spouse's serious health condition, where each is eligible for FMLA leave.

A Serious Health Condition is defined as an illness, injury, impairment, or physical or mental condition that involves:

- § Inpatient care in a hospital, hospice or residential care facility, or any subsequent treatment in connection with such inpatient care;
- § Continuing treatment by a health care provider for:
 1. a condition involving a period of incapacity that lasts more than three consecutive days, and subsequent treatment related to the same condition;
 2. a period of incapacity due to pregnancy, or for prenatal care;
 3. a period of incapacity due to a chronic serious health condition which continues over an extended period of time, requires periodic visits to a health care provider, and may involve occasional episodes of incapacity (such as serious asthma, diabetes, or epilepsy);
 4. a period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective (such as Alzheimer's, a severe stroke, or the terminal stages of a disease); or
 5. a period of absence to receive multiple treatments by a health care provider for restorative surgery after an accident or other injury, or for a condition that would likely result in a period of incapacity of more than three days in the absence of medical treatment (such as cancer, severe arthritis, or kidney disease).

The employee must provide the Company at least 30 days advance notice before FMLA leave is to begin, if the need for the leave is foreseeable based on an expected birth, placement for adoption or foster care, or planned medical treatment of the employee or of a family member. If 30 day notice is not practicable, such as because of a lack of knowledge when leave will be required to begin, a change in circumstances, or a medical emergency, notice must be given as soon as practicable. The employee shall advise Human Resources if dates of scheduled leave change or are extended. As soon as practicable means as soon as possible and practical. This notification would mean within one or two business days of when the need for leave becomes known to the employee. Notification can be made in person or by phone by the employee or the employee's spokesperson if the employee is unable to give notification personally.

Once the Company has been notified of the employee's need for FMLA leave, the Company will require certification to be provided by the employee's health care provider. The certification must be returned to Human Resources. The employee is allowed 15 calendar days to obtain and return this information, unless it is not practicable for the employee to do so. The health care provider, with the employee's permission, may be contacted for purposes of clarification and authenticity of the medical certification. The Company may require another opinion at the company's expense if there is a reason to doubt the validity of the medical certification. If the opinions of the employee's and the Company's health care providers differ, the Company may require the employee to obtain certification from a third health care provider, at the Company's expense.

Medical and dental insurance remain in effect providing the employee pays premiums during this leave period. If payment is not made, coverage may be cancelled for non-payment. Checks should be made payable to the Company. Contact Human Resources for more information. 401K contributions are suspended during the leave period. At the end of the leave, benefits will be resumed in the same manner and at the same levels as provided when the leave began. Employees will continue to receive commissions and bonuses earned from their route while on FMLA.

When the employee is able to return to work, he/she will be required to provide written proof from his/her health care provider that he/she is able to return to work. The employee must also provide information on any new limitations, restrictions or accommodations or any other change concerning the employee's ability to perform his/her job after returning to work that has not been previously submitted to the company for consideration.

Upon return from FMLA, an employee will generally be returned to his/her original job or to an equivalent job with equivalent pay, benefits, and other terms and conditions of employment. However, an employee has no greater right to reinstatement than if the employee had been continuously employed rather than on FMLA. For example, if an employee on FMLA would have been laid off had he/she not gone on leave, or if the employee's job has been eliminated during the leave and there is no equivalent or comparable job available, then the employee would not be entitled to reinstatement.

Reinstatement after FMLA may be denied to certain salaried "key" employees under limited circumstances where restoration to employment will cause "substantial and grievous economic injury" to its operations. Key employees are defined as the highest paid 10 percent of salaried employees. The Company will provide written notification stating reason(s) for denying job restoration, and will provide a reasonable opportunity to return to work after making this written notification that an employee is a "key" employee.

Military Leave

Pursuant to the Uniformed Services Employment and Reemployment Rights Act (USERRA), the Company prohibits discrimination against persons because of their service in the uniformed services. USERRA provides job-protection for qualified employees returning from military services in most cases. Proper notice and documentation must be submitted to Human Resources as soon as possible. Military leave is unpaid however paid time off may be substituted at the employee's request. If the leave is less than 31 days, the employee may continue health plan coverage. Employees who take leaves over 31 days will be eligible to continue coverage for up to 24 months, provided the employee pays the entire cost of the insurance (similar to COBRA).

Employees who serve for less than 30 days may return to work with proper release paperwork. Employees who serve more than 30 days but less than 181 days must submit an application for reemployment no later than 14 days after completing his/her period of service, or, if this deadline is impossible or unreasonable at no fault of the employee, then on the next calendar day when submission becomes possible. Employees who serve more than 180 days must submit an application for reemployment no later than 90 days after the completion of the uniformed service. An employee who has been hospitalized or is recovering from an injury or illness incurred or aggravated while serving must report to the Human Resources Department (if the service was less than 31 days), or submit an application for reemployment (if the service was greater than 30 days), at the end of the necessary recovery period (which may not exceed two years).

Jury Duty or Witness Leave

The Company encourages employees to serve on jury duty and fulfill their civic obligations. Non-exempt employees who have completed 90 days of service will receive full pay while serving up to 5 days of jury duty. Exempt employees will receive full salary. You should notify your supervisor of the need for time off for jury duty as soon as a notice or summons from the court is received. You must provide written verification from the court clerk of having served and submit this to Human Resources to receive pay. If work time remains after any day of jury selection or jury duty you will be expected to return to work for the remainder of your work schedule.

Time Off For Voting

In the event that an employee does not have sufficient time outside of working hours to vote in a statewide election, the employee may take off up to 2 hours during polling hours to enable him or her to vote. If polling hours are available outside of work time, however, employees are expected to vote at such times. If voting time off is necessary, it shall be taken at the beginning or the end of the regular working shift, whichever allows for more free time, and the time taken off shall be combined with the voting time available outside of working hours. Non-exempt employees will not be paid for time off for voting. The employee should give his or her supervisor at least two days notice that time off to vote is needed.

Volunteer Firefighters

No employee shall receive discipline for taking unpaid time off to perform emergency duty as a volunteer firefighter. If you are participating as a volunteer firefighter, please alert your supervisor so that he or she may be aware of the fact that you may have to take time off for emergency duty. In the event that you need to take time off for emergency duty, please alert your supervisor before doing so where possible. Documentation will be required upon your return.

Acknowledgment of Receipt

I acknowledge that I have received my copy of the Harris & Harris Employee Handbook. I understand and agree that it is my responsibility to read and familiarize myself with the policies and procedures contained in the handbook. I understand if I do not understand any portion of the handbook, it is my responsibility to seek clarification from the Human Resources Department. I understand that except for my employment at-will status, the Company can change any and all policies or practices at any time with or without notice. I understand these policies are continually evaluated and may be amended, modified or terminated at any time.

I understand and agree that nothing in the employee handbook creates or is intended to create a promise or representation of continued employment and that employment at the Company is employment at-will; employment may be terminated at the will of either the Company or myself.

I acknowledge and understand the harassment policy, confidentiality policy, and the Drug Free Work Place Policy in this handbook.

I expressly consent to the deduction from my paycheck of any amount referenced in the "Security" section of the Handbook, if I should need a new badge.

My signature below certifies that I acknowledge that the foregoing description of at-will status is the sole and entire understanding between the Company and myself concerning my employment. It supersedes all prior agreements, understandings and representations concerning my employment with the Company.

Employee's Name _____

Employee's Signature _____

Date _____