

Employee Handbook

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Congratulations on joining Innovative Employee Solutions!

We are excited to have you on board and look forward to working together. As a valued member of our team, you have access to a variety of benefits and services designed to help our client attract and maintain a highly skilled and talented contingent workforce.

Our client has partnered with us to provide you the added value of competitive benefits. Innovative Employee Solutions (IES) is a Professional Employer of Record specializing in payroll, benefits, and human resources administration for the contingent workforce. Together we aim to provide you with accurate and efficient payroll processing, easy time tracking, access to a variety of benefits, and other valuable services. This handbook contains detailed information regarding IES policies. Please read the enclosed information carefully and retain a copy for your records. If you have any questions or need assistance, please contact Innovative Employee Solutions at the number below and a representative will be happy to assist you. Welcome aboard!

Sincerely,

Your IES Team

info@innovative-es.com

858/715-5100

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1. Introduction

This Employment Policies Handbook (“Handbook”) is a compilation of personnel policies, practices and procedures currently in effect at Innovative Employee Solutions (IES).

The Handbook is designed to introduce you to IES, familiarize you with the company policies, provide general guidelines on work rules, benefits and other issues related to your employment, and help answer many of the questions that may arise in connection with your employment.

This Handbook is not intended to create a contract of continued employment, employment for a specific term, or any contractual obligation or legally enforceable obligation on the part of IES.

IES reserves the right to make changes to the policies, procedures and other statements made in this Handbook. Business conditions, federal and state law and organizational needs are constantly in flux and may require that portions of the handbook be rewritten. This is necessary to successfully provide the appropriate employment relationship and to obtain the goals of the organization.

2. About Innovative Employee Solutions

Innovative Employee Solutions, Inc. (IES) originally began as TOPS Staffing in 1974. In 1998 owner Karla Hertzog sold the temporary staffing division of the business to SOS Staffing Services, retaining the payrolling portion of the company which was subsequently renamed Innovative Employee Solutions. Since its beginning, IES has grown from a staff of 5 employees and revenues of \$41 million to a current staff of 26 employees and annual revenues of \$68 million. IES has expanded its client base significantly as well, serving over 300 companies in the U.S and Canada and payrolling over 3,400 employees each year.

In addition to its commercial growth and success, IES has earned a reputation for workplace excellence, client trust, and employee loyalty. IES has received local and national recognition for being a top woman-owned business, closely-held company, and one of San Diego’s “Best Places to Work” for 7 consecutive years.

IES’s corporate culture is defined by “The Innovative Distinction:” a collective effort on the part of management and staff to seek balance, strive for high performance, practice teamwork through support and encouragement, and exercise fun, passion, and enthusiasm in the workplace.

Innovative Employee Solutions also maintains commitment to give back to the community through generous corporate and employee giving, volunteer projects, and employee-directed community service initiatives.

3. Mission Statement

IES’s mission is to provide the best environment for America’s contingent workforce while empowering clients to hire with ease and accuracy

4. Employment Relationship

IES is responsible for managing the payroll, benefits administration, records management and workers compensation. IES does not provide day-to-day supervision of your work and therefore relies on the client to train, supervise, counsel and inform you of their internal policies and procedures.

Please review how this relationship affects you in the following areas:

- If you are **injured on the job**, unless it is an emergency, call the IES Human Resources department prior to treatment. Please read the Safety and Workplace Injury Policy for additional information.

- If you need **verification of employment**, refer the inquiry to the IES Human Resources department.
- If you have **questions regarding your paycheck**, please contact the IES Payroll department.
- If your assignment ends and you are eligible for **unemployment**, identify IES as your employer to your State Unemployment Department.

IES/Client/Employee Responsibilities

To clarify the employment relationship that exists between our employees, our client (the company that supervises) and Innovative Employee Solutions, please refer to the chart provided below.

	IES	Client	Employee
Timecard to IES		X	X
Request for time off		X	X
Day-to-day direction and supervision		X	
Job training		X	
Safety	X	X	X
Injury on the job (Workers Compensation)	X		
Issuing paycheck/Direct Deposit	X		
Annual W-2	X		
Verification of Employment/Income inquiries	X		
Drug Screening (if applicable)	X		
Background Investigations (if applicable)	X		
Benefits Administration	X		

5. At-Will Employment

IES is an “at-will” employer and operates under the provision that employees have the right to resign their position at any time, with or without notice and with or without cause. IES and our clients have similar rights to terminate the employment relationship at any time, with or without notice and with or without cause.

6. Business Ethics Policy

Innovative Employee Solutions complies with all applicable laws and regulations and expects its employees to conduct business in accordance with the spirit of relevant laws and refrain from dishonest or unethical conduct. Employees shall act in a manner which will inspire trust in their integrity, impartiality and devotion to the best interests of Innovative Employee Solutions and our clients.

If a situation arises where it is difficult to determine a proper course of action, the matter must be disclosed to management or the human resources department.

7. Employee Code of Conduct Policy

It is not possible to list all forms of behavior that are considered unacceptable in the workplace. The following are examples of infractions of rules of conduct that may result in disciplinary action, up to and including termination of employment. Nothing in this list of rules is intended to conflict with or alter the At Will Employment Policy contained in this handbook. The list is not intended to be exhaustive:

- Theft or inappropriate removal or possession of property.
- Working under the influence of alcohol or illegal drugs.

- Possession, distribution, sale, transfer or use of alcohol or illegal drugs in the workplace, while on duty or while operating employer-owned vehicles or equipment.
- Fighting or threatening violence in the workplace.
- Sexual or other unlawful or unwelcome harassment.
- Possession of dangerous or unauthorized materials, such as explosives or firearms, in the workplace.
- Unauthorized use of telephones, mail system, or other employer-owned equipment.
- Unauthorized disclosure of business “secrets” or confidential information.
- Dishonesty, including knowingly providing false or fraudulent information in employment records.

8. Equal Opportunity and Americans with Disabilities Act (ADA) Policies

Equal employment opportunity, for all, is a fundamental, moral, legal and social obligation. It is the policy of Innovative Employee Solutions, Inc. (IES) to seek and employ qualified persons, and to provide equal employment opportunities for all applicants and employees in all areas of employment, including recruiting, hiring, placement, training, compensation and benefits, promotion, transfer, termination, and all other terms and conditions, and privileges of employment without regard to race, color, religion, religious garments, creed, sex (including pregnancy, childbirth, breastfeeding and/or related medical conditions), national origin, ancestry, age, disability, medical condition, genetic information, marital status, pregnancy, sexual orientation, gender identity, citizenship, military or veteran status, or any other classification protected by law. IES is firmly committed to a program designed to prevent discrimination or unequal treatment.

IES supports equal employment opportunity because it believes that every individual has the right to obtain employment, to pursue the career of his or her choice, and to advance on the basis of merit, ability, and potential.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, IES 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 have been subjected to any form of unlawful discrimination, please report this to your supervisor or to the Human Resources Department. The Company will conduct a prompt and thorough investigation of all allegations of discrimination, harassment, or retaliation, or any violation of the Company’s Equal Employment Opportunity or ADA policies. If the Company determines that unlawful discrimination has occurred, effective remedial action will be taken commensurate with the severity of the offense. Appropriate action also will be taken to deter any future discrimination.

IES will not tolerate retaliation against any individual who makes a complaint of discrimination, reports harassment or who assists, testifies or participates in an equal employment proceeding.

9. Harassment Policy

IES is committed to providing a work environment that enhances productivity and is free of discrimination in the application of any assignment, policy, practice or regulation.

IES does not tolerate verbal or physical conduct by any employee or representative of IES, or by any outside vendor, consultant or customer that harasses, disrupts, or interferes with an individual’s assignment, work performance or which creates an intimidating or hostile environment.

While all forms of harassment are prohibited, it is IES’s policy to emphasize that sexual harassment, in any form is prohibited. Any employee or representative of IES who engages in sexual harassment or abusive conduct is subject to discipline up to and including termination. Such conduct includes, but is not limited to the following:

1. Sexual flirtations, touching, advances, or propositions;
2. Verbal abuse of a sexual nature;
3. Graphic or suggestive comments about an individual’s dress or body;
4. Sexual degrading words to describe an individual;
5. The display in the workplace of sexually suggestive objects or pictures.

Further, IES does not tolerate abusive conduct in any form. Abusive conduct means malicious conduct of an employee or employer that a reasonable person would find hostile, offensive, and unrelated to an employer's legitimate business interests. Abusive conduct may include repeated infliction of verbal abuse, such as the use of derogatory remarks, insults, and epithets, verbal or physical conduct that a reasonable person would find threatening, intimidating, or humiliating, or the gratuitous sabotage or undermining of a person's work performance.

Harassment includes any of the above conduct directed to a person of the same or opposite sex, either verbal or physical, where submission to the conduct is a term or condition of employment, submission to or rejection of the conduct is used as a basis for employment-related decisions, or such conduct interferes with an individual's work performance or creates an intimidating, hostile or offensive work environment.

Harassment does not refer to conduct of a socially acceptable nature. It refers to behavior that is not welcome, that is personally offensive, that lowers morale and that therefore, interferes with work effectiveness.

Responsibilities: If you believe that you have been subject to any form of harassment, it is important that you report the harassment to an official at the worksite and to your IES contact as soon as possible.

Only those members of IES staff having a need to know shall have access to information regarding any allegation of harassment.

IES will promptly investigate any reported harassment. After an investigation, a decision will be made by the appropriate management regarding the resolution of the case. You will receive information about any actions that result. If it cannot be determined that harassment has taken place, you will be informed that the evidence was inconclusive.

No employee will suffer reprisals from reporting any incidents of unlawful harassment or making any such complaint. Any incidents of further harassment or retaliation should be reported immediately.

Although IES is not present at the workplace, we stand by our moral, ethical and legal obligation to provide each of our employees a work environment free from discrimination, harassment or other risks. Anytime you have a concern, question or change regarding your assignment, call us immediately.

IES will not tolerate retaliation against any individual who makes a complaint of harassment, reports harassment or who assists, testifies or participates in a harassment investigation.

10. Compliance with Immigration Policy

IES employs only United States citizens and those non-United States citizens who are authorized to work in the United States. IES will not discriminate on the basis of national origin or citizenship but will only employ individuals authorized to work in the United States. We will comply with all aspects of the Immigration Reform and Control Act of 1986.

As a condition of employment, each new employee must complete the Employment Eligibility Verification Form I-9 and present documentation establishing identity and substantiating employment eligibility. IES participates in the E-Verify program for all new hires.

11. Attendance Policy

Regular and dependable attendance of all employees is essential to the effective operation of our customer's business and is a necessary condition of employment. Your tardiness or absences affects normal business operation. In order to avoid slowdown in productivity, your co-workers or supervisor must cover your workload.

Employees are expected to report to work when scheduled. Whenever you know in advance that you are going to be absent, you should notify your immediate supervisor or designated manager. If your absence is unexpected, you should attempt to reach your immediate supervisor as soon as possible, but in no event later than one hour before you are due at work. In the event your immediate supervisor is unavailable, you must speak with a manager. If you leave a voicemail, you must provide a number where

your supervisor may reach you if need be. If the client's policies or requirements regarding attendance differ from what is set forth above, you should follow their procedures.

IES reserves the right to request a doctor's note for any absence due to illness of three or more consecutive days.

Absence for one or more consecutive work days, without notifying your manager, is considered voluntary termination and may affect your unemployment benefits.

12. Holidays, Vacation and Other Leave

IES clients dictate any paid time off for holidays and vacation. Please contact your supervisor to learn if you are eligible for any paid time off. Unless, required by law, IES clients also dictate whether employees are entitled to paid sick days. Several states and municipalities provide for paid or unpaid leave time to cope with illness, injury, domestic violence or other similar issues. IES will comply with all applicable federal, state and local laws and regulations for time off and/or leave requests. For more information about whether you may be entitled to paid or unpaid sick or other leave, please contact IES Human Resources at (858) 715-5100.

Leave of Absence

IES complies with all state and federal regulations regarding an employee's request for a leave of absence. Please contact IES Human Resources if you have any questions.

Family and Medical Leave Act (FMLA) Policy

IES fully complies with the Family and Medical Leave Act of 1993 (FMLA). An eligible employee may take up to 12 workweeks of unpaid leave in a 12-month period for one of the following reasons:

1. The birth or placement for adoption or foster care of a child
2. To care for a family member (spouse, child, or parent) with a serious health condition
3. Because of your own serious health condition that renders you unable to perform your job functions
4. Because of any qualified exigency arising out of the fact that a spouse, son, daughter, or parent is on active duty, or has been notified of an impending call to active duty status, in support of a contingency operation.

In addition, an eligible employee may take up to 26 work weeks of unpaid leave in a 12-month period to care for a spouse, son, daughter or parent who is a covered service member and is recovering from a serious illness or injury sustained in the line of duty on active duty.

To be eligible for FMLA benefits, you must meet the following requirements:

1. Worked for IES for at least 12 months
2. Worked at least 1,250 hours over the 12 months preceding commencement of the leave
3. Work for a client of IES which has at least 50 employees in a 75 mile radius from the employee's worksite.

Employees seeking to take FMLA leave must, if possible, provide 30 days written notice to your worksite supervisor and to IES Human Resources. IES will coordinate the leave with you and the client company.

To view the full FMLA policy please follow this link <http://goo.gl/LCOlzb>

Family Leave

Certain states have laws that are quite similar to the FMLA, requiring employers to provide unpaid medical, caretaking, and/or parental leave. Typically, these laws overlap with the FMLA in many respects but may also offer additional benefits.

Currently the states listed below offer Paid Family Leave. Each state's plan and administration is handled differently, including eligibility requirements, benefit amounts and the duration of benefits.

- California
- District of Columbia
- New Jersey
- Oregon

Please contact IES Human Resources if you would like to discuss family leave.

Short Term Disability

Currently, the following states provide temporary disability benefits for employees. These states provide a minimum amount of short term disability benefits to employees while they are prevented from working due to an off-the-job injury or illness. Each state's plan and administration is handled differently, including eligibility requirements, benefit amounts and the duration of benefits. If you live in one of the following states and would like to discuss your eligibility for short short-term disability please contact IES Human Resources.

- California
- Hawaii
- New Jersey
- New York
- Puerto Rico
- Rhode Island

Jury Duty

Unless required by state law, IES does not provide for any jury duty pay unless authorized and approved by the client company.

13. Wage Payment Policies

Pay Schedule

IES has weekly, bi-weekly, semi-monthly and monthly payrolls. Employees will be informed of their schedule at time of hire. IES payday is on Friday. If a scheduled payday falls on an IES observed holiday, employees will be paid on the following weekday. All required deductions such as federal, state and local taxes, and all authorized voluntary deductions, will be withheld automatically from employee paychecks.

Employees should review their pay stubs for errors. Please report any mistakes to the IES payroll department.

Tracking Hours Worked

IES is committed to complying fully with all applicable laws and regulations dealing with wage and hour issues, including, but not limited to minimum-wage requirements, meal and rest breaks, overtime pay, termination pay and off-the-clock work.

If you are paid on an hourly basis, it is very important that you record and submit all of the hours actually worked each pay period. You should immediately report any error in your time record to your supervisor or to the IES Payroll Department. Failing to accurately record your time is grounds for discipline, up to and including termination.

Working "off-the-clock" is strictly prohibited for hourly, non-exempt employees. Working off-the clock would include, for example, performing work before clocking in, running work-related errands on your meal break, or performing unpaid work at home. It is a violation of law and IES policy for you to work without compensation or for a supervisor to request that you work without compensation. If you are asked or instructed by a supervisor to perform any work without compensation, you should immediately contact the IES Human Resources Department. IES will promptly investigate the matter. IES will not tolerate retaliation against any employee who makes a complaint or reports a violation of this policy.

Direct Deposit

IES offers direct deposit to all employees. To arrange for direct deposit, complete the Authorization for Direct Deposit found in the employee section of our website: www.innovativeemployeesolutions.com. It takes approximately 3 weeks to set up direct deposit, once we've received your authorization form. In the meantime, your paycheck will be mailed to you.

Overtime

IES conforms to Federal overtime laws requiring that hourly and salaried non-exempt employees get paid overtime for hours worked over 40 hours in a workweek (Monday through Sunday).

Exceptions:

- *Alaska, Nevada, Puerto Rico and California* pay overtime after working eight hours a day.
- *Colorado* pays overtime after working twelve hours a day.
- *California* pays double-time for each hour worked over twelve hours in the same workday and all hours worked in excess of eight hours on the seventh consecutive day worked in any one workweek.
- *California* pays overtime for the first eight hours of work on the seventh consecutive day of work in a workweek.

Job Classifications

For the purposes of salary administration and eligibility for overtime payments and employee benefits, this Guide applies to our employees who have been recruited and made an offer to work at a client company, with IES being the employer-of-record for purposes of payroll and benefits administration, workers compensation, and records management.

Employees must notify your supervisor and an IES Human Resources Representative in writing if you believe you are improperly classified in an exempt position.

Rest and Meal Periods

IES complies with all federal and state regulations regarding rest and meal periods. Please see IES Human Resources for a complete review of the Rest and Meal Period regulations applicable in your work state.

Safe Harbor Policy For Exempt Employees

It is our policy and practice to accurately compensate employees and to do so in compliance with all applicable state and federal laws. If you are classified as an exempt salaried employee, you will receive a salary which is intended to compensate you for all hours you may work for IES. This salary will be established at the time of hire or classification as an exempt employee. While it may be subject to review and modification from time to time, such as during salary review times, the salary will be a predetermined amount that will not be subject to deductions for variations in the quantity or quality of the work you perform.

You will receive your full salary for any workweek in which work is performed. However, under federal and state law, your salary is subject to certain deductions. For example, unless state law requires otherwise, salary can be reduced for the following reasons:

- Full-day absences for personal reasons.
- Full-day absences for sickness or disability.
- Disciplinary suspensions of a full day or more for infractions of safety rules of major significance (including those that could cause serious harm to others) or for unpaid disciplinary suspensions of a full week or more for significant infractions of major workplace conduct rules set forth in written policies.
- Family and Medical Leave absences (either full- or partial-day absences).
- To offset amounts received as payment from the court for jury and witness fees or from the military as military pay.
- The first or last week of employment in the event the employee works less than a full week.
- Any full work week in which the employee does not perform any work.

Your salary may also be reduced for certain types of deductions such as a portion of health, dental or life insurance premiums; state, federal or local taxes; social security; or voluntary contributions to a 401(k) or pension plan. In any work week in which you performed any work, your salary will not be reduced for any of the following reasons:

- Partial day absences for personal reasons, sickness or disability.
- An absence because our client has decided to close its offices on a scheduled work day.
- Absences for jury duty, attendance as a witness, or military leave in any week in which you performed any work (subject to any offsets as set forth above).
- Any other deductions prohibited by state or federal law.

However, unless state law provides otherwise, deductions may be made to accrued PTO for full- or partial-day absences for personal reasons, sickness or disability. Your salary will not be reduced for partial day absences if you do not have accrued PTO.

If you believe your salary has been subject to any improper deductions, you should immediately report the matter to an IES Service Team member at (858) 715-5100 Ext 139. If they are unavailable or if you believe it would be inappropriate to contact that person (or if you have not received a prompt and fully acceptable reply), you should immediately contact IES Human Resources at (858) 715-5100.

Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, you will be promptly reimbursed for any improper deduction made.

14. Substance Abuse Policy

Substance abuse has an adverse impact on an employee's work, personal, and family lives, as well as on the ability of IES to fulfill its mission to provide the highest quality services to our clients. It can cause poor performance, decrease productivity, and create safety hazards. Consequently, IES is committed to establishing and maintaining an alcohol and drug-free workplace. Drug Testing may be done in the following circumstances: pre-employment, reasonable suspicion of drug/alcohol use, and post work related accident.

Illegal Drugs

The use, distribution, dispensation, sale, offering for sale, possession, purchase, manufacture or trading of illegal drugs on IES premises, client premises, or in any other work-related environment is strictly prohibited. The prohibition of illegal drug activity includes occasions when an employee is representing IES or one of our client companies at events and meetings beyond normal work hours.

Alcohol

Employees are not permitted to consume alcohol while on IES premises, client premises, or while conducting client company business. This does not include official day or evening functions at which alcohol may be served, as long as use does not prevent employees from performing their jobs satisfactorily or pose any threat to the safety or welfare of the employee or others.

Prescription and OTC Drugs

Employees are prohibited from the misuse or abuse of prescription and over-the-counter (OTC) drugs. The use of any legally obtained drug by any employee while at work or on client premises is prohibited to the extent that such use may adversely affect the workplace or the safety of the employee or others.

Policy Violations

Employees who violate this policy are subject to disciplinary action, up to and including termination.

15. Confidentiality Policy

It is the policy of IES to keep all past and present employee information private from disclosure to third parties. There are certain business related exceptions and they are:

1. County, state or federal agencies

2. Inquiries from third parties with a signed authorization from the employee to release the information, except in situations where limited verbal verifications are acceptable (see below).
3. Third parties of which IES has contractual agreements to assist in administration of company sponsored benefits.

Verifications of Employment

Prospective employers, financial institutions, and residential property managers routinely contact IES requesting information on a former or current employee's work history and salary. All such requests of this type shall be referred to and completed on a confidential basis by the Human Resources Department.

For written verification of employment requests, information will be provided on the form only when it is accompanied by an employee's signed authorization to release information. The form will be returned directly to the requesting party and filed in the employee's personnel record.

Telephone inquiries will be limited to confirming data provided by the external party for position and dates of employment only. IES will not offer additional information without signed authorization.

Medical Information/HIPAA

IES is compliant with federal HIPAA regulations and only utilizes information related to the company sponsored healthcare plan on a "need to know" basis for administration of the healthcare plan.

Innovative Employee Solutions will consider any breaches in the privacy and confidentiality of handling of Protected Health Information ("PHI") to be serious, and disciplinary action will be taken in accordance with our code of conduct. Any breaches will be documented and affected individuals, HHS and the media will be notified per state and federal law.

Innovative Employee Solutions has designated a HIPAA compliance officer (HCO), and questions regarding policy provisions should be addressed to the HCO. This policy is supplemented by new operating procedures issued by the HCO and will be effective immediately. Company records that are governed by this policy will be maintained for a period of no less than six years, and when the maximum retention period has passed, the records will be subject to the company's policy for completed record destruction.

IES Systems

Our business requires tracking of employee data in computer applications for processing of payroll, offering benefits, and providing self-service tools for data such as W2s, and payroll history. IES has security practices in place to ensure the privacy your information.

16. Security Policy and Procedures

Introduction

IES has entered into a Security Agreement with the Department of Defense ("DOD") in order for our contract employees to have access to information that has been classified because of its importance to our nation's defense. Our policies and practices conform to the security requirements set forth in the National Industrial Security Program Operations Manual ("NISPOM").

Facility Security Officer

IES holds a Top Secret Facility Clearance which permits IES to hold Top Secret and Secret clearances for employees who are payrolled through IES. IES is required to follow the rules of the NISP, including appointing a Facility Security Office ("FSO"). Tania Pecina is the FSO for IES. She can be reached at (858) 715-5106 or tpecina@innovative-es.com.

Clearance Procedures

Innovative Employee Solutions requires a Subcontractor DD254 (DoD Contract Security Classification Specifications) from its clients that require employees to have a security clearance in order to perform specified duties. A "Justification for Security Clearance"

completed by the client's manager, is also required for IES to process ownership of an employee's eligibility. Once the Justification is received, the FSO will initiate the clearance process.

Assessments/Inspections

The Defense Security Service ("DSS") is the government agency responsible for oversight of procedures and practices for safeguarding classified defense information. IES will be assessed by the DSS periodically. During this time, the DSS will review security processes and procedures to ensure compliance with the NISPOM and may interview IES employees. All IES employees are required to cooperate with the DSS during this assessment.

Individual Report Requirements

All IES employees are required to report any of the following to the FSO:

1. Espionage/Sabotage – this would include existing or threatened espionage, sabotage or subversive activities by any individual.
2. Suspicious Contacts – this would include efforts by any individual, regardless of nationality, to obtain illegal or authorized access to classified information, or to compromise cleared employees.
3. Adverse Information – this would include in any information regarding a cleared employee or employee in the clearance process which suggests that his/her ability to safeguard classified information may be impaired, including:
 - Relationships with any known saboteur, spy, traitor, anarchist, or any espionage or secret agent of a foreign nation
 - Serious mental instability or treatment at any mental institution
 - Use of illegal substances or excessive use of alcohol or other prescription drugs
 - Excessive debt, including garnishments on employee's wages
 - Unexplained affluence/wealth
 - Unexplained absence from work for periods of time that is unwarranted or peculiar
 - Criminal convictions involving a gross misdemeanor, felony, or court martial
 - Violations and deliberate disregard for established security regulations or procedures
 - Unauthorized disclosure of classified information
 - Members of, or individuals sympathetic to, an organization aiming to overthrow the U.S. Government by unconstitutional means.
 - Involvement in the theft of, or any damage to, Government property

In addition, all cleared personnel must report:

- Any adverse information about themselves
- Any failure to comply with a requirement of this SPP or the NISPOM
- Any personal changes (e.g. name change, termination of employment, change in citizenship)
- If there is no longer a need for their security clearance.

Security Incidents

The ability and willingness to follow the rules for protection of classified information is a prerequisite for maintaining a security clearance. All employees who possess a U.S. Government security clearance under IES sponsorship are subject to a graduated scale of disciplinary actions for any security incidents.

Definitions

- A. Security Incident – a failure to safeguard classified documents, materials or items.
- B. Security Infraction – a security incident that, in the judgment of the FSO does not result in actual or possible compromise of information. An infraction is more administrative in nature, but are required to be documented to deter patterns of neglect.
- C. Security Violation – a security incident that, in the judgment of the FSO could result in actual or possible compromise of information.

Reporting and Adjudication of Security Incidents

All security incidents will be reported to the FSO. Employees must inform the FSO orally or in writing of any improper security practice that comes to the employee's attention. Upon the discovery or report of a security incident, the FSO will open a file on the

incident and start an investigation. The investigation may be conducted by the FSO and/or her designees (which could include but is not limited to, a Client's FSO, supervisor and/or project manager).

Disciplinary Actions

- A. All employees that have the responsibility to safeguard classified information from unauthorized access are subject to disciplinary actions.
- B. Potential or actual infractions or violations must be reported immediately to the FSO.
- C. The disciplinary action to be taken for a specific security infraction or violation will be decided by the FSO, in consultation with the Client's FSO and/or DSS representative as appropriate. The disciplinary actions that may be taken include:
 - Retraining
 - Verbal warning
 - Verbal reprimand
 - Written reprimand
 - Suspension of security clearance
 - Termination of security clearance
 - Criminal actions
- D. This guide does not dictate the disciplinary action to be taken, rather, it establishes a range of options that can be taken to ensure the safety and security of personnel and property. The action to be taken will be based upon the severity of each or subsequent infraction or violation and may include none, any, or all of the actions listed. Multiple infractions or violations raise doubts about an individual's trustworthiness and ability to safeguard classified information.
- E. Per NISPOM section I-304 entitled "Individual Culpability Reports," any security violation that deliberately disregards security requirements, or, involves gross negligence in the handling of classified material, or, was not deliberate in nature but involves a pattern of negligence or carelessness will be reported to the DSS. Also, the deliberate disclosure of classified information will be reported to the FBI for criminal investigation.
- F. Disciplinary actions taken pursuant to this Policy are in addition to, and do not preclude the possibility of, other disciplinary action for violation of IES policies and procedures, up to and including termination of employment.

Additional Information

The DOD has a confidential hotline where individuals can report allegations of wrongdoing relating to programs, personnel, and operations under DOD jurisdiction. The number is (800) 424-9098.

For more detailed information about IES's practices and procedures relating to security clearances, please see IES's "Standard Practices and Procedures for Security Requirements" dated June 2014. A copy of the document may be obtained from the FSO or HR.

17. Driving Policy

It is the policy of IES to strive for the highest safety standards. If an employee is required to drive during the course of their employment, the following conditions shall apply:

General Qualifications/Requirements

1. The employee must be at least 21 years old in order to drive as part of his/her job duties.
2. Must have the ability to operate the equipment assigned to him/her.
3. The employee must report to IES, any Minor or Major violation as defined in IES Motor Vehicle Report Criteria below, within 24 hours.

Safe Driving Practices

1. The employee is required to follow all safe driving and highway regulations.
2. Seat belts must be worn at all times by the driver and any passengers.
3. Employees must refrain from using any personal communication devices (PCD), including handheld wireless devices, cell phones (unless hands free), and pagers while driving. When it is necessary to use a PCD, employees must drive to a safe area and use the device while the vehicle is not in motion.

Motor Vehicle Report (MVR) Criteria

IES will obtain the employee’s driving record (MVR) prior to the employee beginning employment. The MVR Policy applies to both drivers of company owned vehicles as well as employees using personal vehicles in the course of company business.

The following criteria applies when determining MVR acceptability levels for prospective employees and current drivers.

Minor Violations: Any moving violation other than a <i>major</i> except:	Major Violations:
<ul style="list-style-type: none"> • Motor vehicle equipment, load or size requirement • Improper failure/to display license plates (if they exist) • Failure to sign or display registration • Failure to have driver’s license in possession (if valid license exists) 	<ul style="list-style-type: none"> • Driving under the influence of alcohol/drugs • Failure to stop/report an accident • Reckless driving/speeding contest • Driving while impaired • Making a false accident report • Homicide, manslaughter or assault arising out of the use of a vehicle • Driving while license is suspended/revoked • Careless driving • Attempting to elude a police officer

Instructions

MVR’s are defined as “clear”; “acceptable”; “borderline”; and “poor”; based upon the number of violations and at-fault accidents in the last 3 years. Review the definitions below and refer to the following chart.

Motor Vehicle Record Grading Criteria (last 3 years):

Number of Minor Violations	Number of At-Fault Accidents (last 3 years)			
	0	1	2	3
0	Clear	Acceptable	Borderline	Poor
1	Acceptable	Acceptable	Borderline	Poor
2	Acceptable	Borderline	Poor	Poor
3	Borderline	Poor	Poor	Poor
4	Poor	Poor	Poor	Poor
Any Major Violation	Poor	Poor	Poor	Poor

MVR’s will be examined prior to the start of employment and at least annually thereafter. Any job offer made to a prospective employee for a position with driving duties shall be contingent upon an MVR meeting the required standards. Continued employment in a position with driving duties also requires that the driver’s MVR meets the standards outlined below.

1. All employees must have a valid driver’s license for at least the last three years to be permitted to drive on the job.
2. No employee with less than 5 years’ experience will be permitted to drive with a “borderline” MVR as defined.
3. No employee will be permitted to drive with a “poor” MVR as defined.
4. Driving records must remain “acceptable” or “clear” for continued employment in a position requiring driving duties.

Insurance

The employee must provide IES with a copy of his/her automobile insurance information. In the event the employee’s insurance coverage changes during the course of his/her employment, including, but not limited to any change in level or type of coverage, change in carrier, or cancellation of insurance by the employee or the carrier, the employee must provide notice to IES within 24 hours. The employee will be disqualified from driving in the course of his/her employment until proof of adequate automobile insurance is provided to IES.

Driver’s License

Drivers will be required to maintain a valid license in accordance with the rules and regulations of the state in which he/she is domiciled. In the event the employee's driver's license expires or is revoked or suspended, the employee must notify IES within 24 hours. The employee will be disqualified from driving in the course of his/her employment until his/her license is reinstated.

Driving Records

IES shall maintain the following information in the employee's personnel file:

1. The Annual Motor Vehicle Report
2. A copy of employee's proof of insurance

Rental Cars

When driving a rental car, full insurance must be purchased from the rental car agency, regardless of the employee's or client's own coverage.

Employee Reimbursement for mileage

State law may apply when an employee drives a personal vehicle for work requiring employee reimbursement for mileage at the IRS rate.

Violation of Policies

If any of the above policies are not followed, IES will not be in any way responsible for damages. Further, violation may be grounds for termination of employment.

18. Safety and Workplace Injury Policy

Overview

Innovative Employee Solutions (IES) is totally committed to safety and loss control and it is our intention that each employee shall work under the safest conditions possible. We will strive to maintain a safe workplace and equipment that is free from recognized hazards. It is our goal to ensure our clients provide you with appropriate information, training, supervision, and personal protection equipment so that you can perform your job in a safe and proper manner. IES follows all OSHA and Federal and State Laws regulating work place safety.

We believe that most accidents can be avoided by using common sense and personal initiative. It is not our intention that you should perform any task that you believe is unsafe. Our clients have been instructed to teach and guide employees unfamiliar with safe operations and practices. Many accidents occur when employees take short cuts and ignore established safety rules and regulations. Established safety rules and regulations are to be followed at all times.

Each employee shall be responsible for their performance and adherence to our safety rules.

Failure to do so can lead to disciplinary action or dismissal. Any employee who feels unsafe in his or her workplace should notify their supervisor and contact IES Human Resources as soon as possible.

An employee who suffers any on-the-job injury or illness, no matter how minor, must report that incident immediately to his/her supervisor. If you have an accident on the job, you or your supervisor should immediately contact IES Human Resources at 858-715-5100 before seeking medical attention. IES Human Resources will direct you to the nearest approved medical facility for treatment.

If your emergency requires immediate emergency attention, and/or occurs after regular business hours, please contact IES Human Resources the next business day after you have been treated.

Workers Compensation Insurance benefits provide weekly income to employees after three days of disability that results from a job related or connected injury or illness. Employees who are injured on the job may be required to undergo drug screening at the time of treatment for such injuries.

19. Workplace Violence Policy

Violence in the workplace poses a threat to the safety of employees and the public and affects productivity. Innovative Employee Solutions (IES) is committed to maintaining a workplace that is free from violence or threat of violence.

All employees have the right to expect a place of employment that is free from behavior that can be considered harassing, abusive, disorderly, or disruptive. IES does not tolerate any violent behavior or behavior that creates a climate of violence, hostility, or intimidation.

Any employee or representative of IES who engages in acts of workplace violence is subject to discipline up to and including termination. Such conduct includes, but is not limited to the following:

1. Violent or threatening physical contact;
2. Direct or indirect threats;
3. Threatening, abusive or harassing phone calls;
4. Possession of a weapon on company property;
5. Destructive or sabotaging actions against company or employees' personal property;
6. Stalking;
7. Violation of a restraining order;
8. Threatening acts or abusive language that subjects another individual to extreme emotional distress.

Any person who makes substantial threats, exhibits threatening behavior, or engages in violent action on IES premises shall be removed from the premises as quickly as safety permits, and shall remain off IES premises pending the outcome of an investigation.

Any employee subject to, or witnessing an incident of workplace violence should report the incident to his/her supervisor or Human Resources. Any employee who believes a life-threatening situation is occurring should immediately dial 911 and request assistance.

Any employee who obtains a protective restraining order, which lists work premises as being a protected area, must provide Human Resources with a copy of any temporary or permanent protective or restraining order. Only those members of IES staff having a need to know shall have access to information regarding a restraining order.

Supplement

Below please find helpful information for state specific laws and regulations. This list is may not be comprehensive as new legislation is passed regularly. Please contact IES HR for more information.

Illinois Human Rights Act

http://www2.illinois.gov/dhr/Publications/Documents/Pregnancy_Posting-Igl-ENG14.pdf

Massachusetts Domestic Violence Act

<http://www.mass.gov/ago/doing-business-in-massachusetts/labor-laws-and-public-construction/domestic-violence-and-abusive-situation-leave.html>

Minnesota Women's Economic Security Act

<http://www.dli.mn.gov/Is/FaqWesa.asp>

Notice to employees: Under the Minnesota Wage Disclosure Protection law, you have the right to tell any person the amount of your own wages. Your employer cannot retaliate against you for disclosing your own wages. Your remedies under the Wage Disclosure Protection law are to bring a civil action against your employer and/or file a complaint with the Minnesota Department of Labor and Industry at (651) 284-5070 or 1-800-342-5354.

California Healthy Workplace/Healthy Families Act of 2014 (Paid Sick Leave)

http://www.dir.ca.gov/dlse/Publications/Paid_Sick_Days_Poster_Template_%2811_2014%29.pdf