

POWER COMPONENT SYSTEMS, INC.

EMPLOYEE HANDBOOK



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SECTION ONE

Introduction

Introduction

Congratulations and welcome to Power Component Systems, Inc. This handbook contains a general description of the Company's policies and procedures. You are required to become familiar with the Company's policies and procedures. If you have any questions about the Company's procedures or policies, you can seek answers from your immediate supervisor or Human Resources.

The information in this handbook represents the policies and procedures in effect at the time it was printed. This handbook supersedes and replaces any other policies, whether written or, unwritten or previously in effect. Power Component Systems may at any time suspend, revise, or abolish any policy in this handbook and add new policies, without prior notice. The Company will notify you of any such changes are made. Only Erica Bostwick has the authority to change an existing policy or create new company policies. Statements or comments by coworkers or supervisors cannot change any company policy or super exceed what is in this handbook. The Company's interpretation shall be final and binding.

Employment At-Will

Power Component Systems maintains an employment "at-will" policy. Just as employees are free to end their employment with the Company at any time for any reason, with or without prior notice, Power Component Systems is free to end the employment relationship with any employee at any time for any lawful reason, with or without prior notice.

No officer or other employee of the Company is authorized to change an employee's "at-will" status except Erica Bostwick, and then only by a written document signed by the employee and the Company.

This Handbook does not create a contract of employment for any specific length of time or task.

Open Door Policy

Power Component Systems encourages all employees who have concerns or issues about their employment, the Company, fellow employees, or the Company's policies to discuss those concerns and issues with the Company and resolve them. When practical, an employee with concerns should initially approach his or her immediate supervisor. However, in instances where an employee believes an issue has not been satisfactorily resolved with his or her immediate supervisor (or if the concern or issue involves someone within the next level of management). The Company maintains an Open-Door Policy pursuant to which an employee may go to any level of management to seek resolution of an issue. Power Component Systems is committed to providing fair, prompt, and thorough responses to any employee who seeks managerial guidance to resolve difficult issues. At the Corporate Office, Erica Bostwick and Human Resources are available to address issues.

SECTION TWO

Operating

Equal Employment Opportunity Policy

In order to provide equal employment and advancement opportunities to all individuals, employment decisions at Power Component Systems are based on merit, qualifications, and abilities. The Company does not discriminate in employment opportunities or practices based on race, color, religion, sex, national origin, age, disability, handicap, sexual orientation, genetic characteristics, religious creed, marital status, having a GED rather than a high school diploma, relationship to a person with a disability, handling or training of a guide or support animal, or any other characteristic protected by law. This policy governs all terms and conditions of employment, including selection, job assignment, compensation, discipline, termination, and access to benefits and training.

An employee with questions or concerns about perceived discrimination in the workplace is encouraged to bring those concerns to the attention of Human Resources. However, if an employee is dissatisfied with the results, or is reluctant to present the matter to Human Resources, the employee should write down his/her questions or concerns and mail the document via certified mail, return receipt requested, clearly labeled "Confidential" to Erica Bostwick.

Employees can raise concerns and make reports without fear of reprisal. Retaliation against employees who make a good faith report of perceived discrimination is strictly prohibited. Anyone found to have engaged in any type of unlawful discrimination or retaliation will be subject to disciplinary action, up to and including termination of employment.

Accommodation of Disabilities

Power Component Systems is committed to complying fully with the Americans with Disabilities Act (ADA) and all applicable state and local laws to ensure equal opportunity in employment for a qualified individual with a disability. All employment practices and activities are conducted on a non-discriminatory basis. An individual with a disability may be entitled to an accommodation in the workplace that enables him/her to perform essential job functions. If an employee believes that he/she is a qualified individual with a disability, he/she should communicate that information in writing to Human Resources or Erica Bostwick. The Company will work with the employee to attempt to provide a reasonable accommodation to allow the employee to perform the essential functions of his/her job. The Company maintains confidentiality of all information covered by the ADA according to legal requirements.

Genetic Information

The Company is committed to complying with the Genetic Information Nondiscrimination Act of 2008 (GINA), which prohibits employers and other entities from requesting or requiring genetic information of an individual or family member of the individual, except as specifically allowed by law. Accordingly, the Company asks that all employees refrain from providing any genetic information when responding to requests for medical information. "Genetic information," as defined by GINA, includes an individual's family medical history, the results of an individual's or family member's genetic tests, the fact that an individual or an individual's family member sought or received genetic services, and genetic information of a fetus carried by an individual or an individual's family member or an embryo lawfully held by an individual or family member receiving assistive reproductive service.

GINA does not prohibit the Company from acquiring medical information that is not genetic information about an employee's manifested disease, disorder, or pathological condition. To the extent that an employee is seeking FMLA leave to care for a family member, and in certain other situations in which the Company is entitled to medical information, GINA specifically allows the Company to request and receive information about the health condition of a family member to substantiate the need for leave.

Affirmative Action Plan

Because the Company contracts with the Government, it is required to prepare and maintain a formal affirmative action plan. A copy of this plan is available for inspection in the Human Resources Department.

Workplace Harassment Policy

Power Component Systems prohibits all forms of harassment, including harassment based on an individual's race, color, religion, sex, national origin, age, disability, handicap, sexual orientation, genetic characteristics, religious creed, marital status, having a GED rather than a high school diploma, relationship to a person with a disability, handling or training of a guide or support animal, or any other characteristic protected by law. All Power Component Systems employees are entitled to work in an atmosphere free of harassment. To that end, the Company will not condone or tolerate harassment of any type of employee. This policy applies to all employee actions, including those outside of the workplace (*e.g.*, business trips, meetings, parties, etc.) and applies to all employees, regardless of position. Power Component Systems will promptly and thoroughly investigate any complaint of harassment and take appropriate corrective action.

The following, though not all inclusive, are examples of various types of harassment:

Verbal Abuse: Any language that degrades or berates others, including, but not limited to, racial, religious, or sexual comments, jokes, innuendoes, or threats of any kind.

Physical Abuse: This includes touching, hitting, pushing, slamming, throwing, kicking, or threatening another person, including restraining by force or blocking the path of another.

Hostile Environment: Any behavior or action which interferes with an employee's ability to perform work assignments or which results in or creates a hostile or intimidating work environment.

Sexual Harassment: Includes, but not limited to, sexual advances, requests for sexual acts or favors and other physical conduct of a sexual nature when: (1) submission to such conduct is made either explicitly or implied as a term or condition of an individual's employment; (2) submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual; or (3) such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, or offensive work environment.

Retaliation: Any adverse action or threat of adverse action taken or made because an individual has exercised or attempted to exercise any rights under state or federal employment laws or Power Component Systems' policies. Retaliation includes, but is not limited to, verbal abuse and threats of withholding or withdrawing pay, promotions, training, or other employment opportunities.

Power Component Systems has a "zero tolerance" policy with respect to the above activities.

Harassment Reporting Procedure

All employees must follow the reporting procedures outlined in this Handbook. The failure to follow reporting procedures will result in discipline up to and including termination of employment. Likewise, persons unlawfully harassing others will be subject to disciplinary action up to and including employment termination.

Any Power Component Systems employee who has been harassed or is aware of a situation where another employee is being harassed must report the situation to Human Resources immediately. ***It is mandatory that you report any harassment of which you are aware.*** Employees should not wait until performance reviews or training programs to report harassment, although you are certainly encouraged to discuss any such concerns at that time. Upon receipt of an allegation of harassment, the Company will conduct an investigation to determine whether harassment or other inappropriate conduct occurred. If the alleged harassment involves someone in Human Resources, or if any

employee is not satisfied with the outcome of the investigation, the employee should make a written complaint and mail it via certified mail, return receipt requested and clearly labeled “Confidential” to Erica Bostwick.

All complaints of harassment will be investigated promptly, impartially, and thoroughly. All investigations will be handled as discretely as possible.

No retaliation will be tolerated against any employee by anyone for reporting in good faith possible violations of this policy or for filing, testifying, assisting, or participating in any investigation, proceeding, or hearing conducted by the Company or by a federal or state enforcement agency. Any attempt at retaliation will be subject to appropriate disciplinary action, up to and including discharge. Under no circumstances will an employee’s job status, security, working conditions, or relationship with the Company be adversely affected because a good faith report is made. Any employee who feels that he or she has been retaliated against should report that to Human Resources. If an employee is reluctant to make a report to Human Resources, or if an employee is dissatisfied with the results achieved in making a report to Human Resources, the employee should mail a written report or complaint to Erica Bostwick, return receipt requested.

Immigration Law Compliance

Power Component Systems strictly complies with the federal laws governing employment eligibility. Accordingly, all employees must be eligible to work in the United States at all times in order to maintain employment with the Company. Employees working on U.S. Government projects that require a security clearance may be required to have U.S. citizenship.

Employee Conduct Statement

Power Component Systems strives to create and maintain a positive work environment. The Company expects employees to engage in professional, courteous, and respectful behavior when interacting with other employees, management, clients, and all persons working on jobsites. Employees are expected to show a responsible attitude toward work and respect for Company property. Inappropriate or profane language will not be tolerated. Inappropriate language includes, but is not limited to, sexual innuendos, discussion of illegal drugs, and racist or sexist comments. Employees can anticipate that actions harmful to another employee or the Company are cause for disciplinary action up to and including termination of employment.

The following is a list of examples of conduct that violates the Company’s standards. It is not meant to be all inclusive and other conduct not listed here may be grounds for discipline or termination of employment.

- Violation of Company policy or procedure.
- Harassment of fellow employees, vendors, customers, or visitors.
- Indecent or lewd conduct or statements.
- Testing positive for drugs or alcohol.
- Theft of Company property or materials, including scrap material.
- Refusing to submit to a test for drugs or alcohol upon request by the Company.
- Sleeping while on the clock or inattention to work.
- Falsification of time sheets or time records.
- Abuse, neglect, misuse, or damage of Company property.
- Failure to immediately report a workplace accident.
- Insubordination.
- Refusal to cooperate in any Company investigation.
- Excessive absenteeism or tardiness.
- Gambling.
- Making false claims of injury or accident.
- Fighting.
- Possession of firearms while on Company property, including in a personal vehicle.

- Sale, use, or possession of drugs or alcohol while on Company property or while performing work for the Company; or
- Failure to follow safety rules or violation of the Company's Code of Safe Practices (See **Attachment A**).

Disciplinary Procedure

Certain employee conduct may be so serious that it justifies immediate dismissal. Examples include, but are not limited to:

- Theft of any Company, vendor, fellow employee, or customer property
- Fraud
- Falsification of timesheets or other Company records
- Failure to follow Company safety policies, including but not limited to the Code of Safe Practices attached to this Handbook as **Attachment A**
- Negligence resulting in damage to Company property or customer relationships.
- Inappropriate use or disclosure of Company information
- Harassment or discrimination based on any legally protected characteristic.
- Insubordination
- Behavior that endangers the safety or wellbeing of persons or property
- Possession, use, sale, or being under the influence of controlled substances or alcohol while working.

When unacceptable behavior or actions occur, the Company, in its sole discretion, may undertake any of the following actions in any order or sequence:

Verbal Warning: A supervisor will meet with the employee to identify and discuss the incident and actions that must be taken to correct the problem. The meeting will be documented and included in the employee's personnel file.

Written Warning: The Company may elect to provide a written warning to the employee describing the unacceptable behavior and the Company's expectations going forward. The written warning will clearly state the problem and indicate that failure to correct the problem may result in employment termination. An employee will be asked to sign the written warning and a copy will be included in the employee's personnel file.

Unpaid Suspension: Under some circumstances, Power Component Systems may suspend an employee without pay for one or more days either while it investigates an incident or allegation and considers what actions the Company will take or as punishment for misconduct.

Termination: The Company may, under any circumstances, determine that an infraction of Company rules or policies warrants termination of employment.

The Company is not obligated to use the above disciplinary actions in any particular order and can elect to use any or none of these actions at any time.

Work Schedules

Particular hours of work and the scheduling of a meal period will be determined and assigned by the Company on a project-by-project basis.

Most employees are assigned to work a forty (40) hour workweek. Situations may arise that require overtime. The Company will attempt to balance the needs of employees and the Company when assigning overtime, but overtime will be mandatory should the Company in its sole discretion so determine.

If an employee has questions about the work schedule, he/she should contact his/her supervisor.

Attendance

Regular and prompt daily attendance is an essential function of the job. Each employee must be ready to work at the beginning of an assigned daily work hours and work conscientiously until the end of assigned work hours. An employee must notify his/her supervisor if he/she will be away from the assigned work area for an extended period of time and include an anticipated time of return.

If an employee is unable to report to work, or if an employee will arrive late, he/she must contact the jobsite foreman immediately, but in no case less than one hour before the scheduled start time of that work shift. “No Call, No Show” will not be tolerated. If an employee is unable to call in because of an illness, emergency, or other legitimate reason, the employee must have someone contact his/her supervisor on his/her behalf.

Three (3) or more incidents of unexcused` absences or lateness within a one-year time period will result in termination of employment absent extraordinary circumstances.

If an employee is absent because of an illness for three (3) or more consecutive days, the employee is required to submit written documentation from his/her doctor stating that he/she can resume normal work duties. No employee will be permitted to return to work without clearance from a doctor.

Customer Relations

Power Component Systems’ success depends on quality relationships between the Company, its employees, customers, suppliers, and the general public. Our customers’ impressions of Power Component Systems, and their interest and willingness to hire us, is based on the people who serve them. Accordingly, employees are expected to follow up on customer requests and questions promptly and professionally. If an employee is unable to answer a customer’s question, he/she should ask someone else in the Company to do so. If an employee learns that a customer has a problem or concern with the Company’s work or performance, he/she must notify Erica Bostwick immediately.

Company Vehicle Policy

Employees shall only use a Company vehicle with the permission of their immediate supervisor. Company owned vehicles shall only be used for Company-related business and employees are not to use Company vehicles for personal reasons at any time. No employee is allowed at any time to have a passenger (except for Power Component Systems employees or customers) in a Company vehicle unless authorized in advance by a direct supervisor.

The Company’s insurance carrier requires Power Component Systems to run a motor vehicle license report on all new employees.

All employees must have and maintain a valid driver’s license, a good driving record, and be age 21 or older to operate a Company vehicle. Any changes in an employee’s driving record, including moving violations, accidents, and speeding tickets, ***must be reported to the employee’s immediate supervisor immediately***. Poor driving records may result in the suspension and/or termination of Company driving privileges and may also result in discipline up to and including termination of employment. Operating a Company vehicle with a suspended or revoked driver’s license may result in immediate employment termination.

Each employee who is assigned a Company vehicle is responsible for keeping it clean and safe. At the end of each use, employees should remove all food, cigarette butts, and trash from the interior of the Company vehicle. A copy of the vehicle registration and insurance information must be kept with the vehicle at all times.

In addition, employees operating a Company vehicle (or operating their own vehicle while performing their jobs) must adhere to the following rules:

- Employees are solely responsible for paying any fines, moving violations, or parking violations.
- Employees must never operate a vehicle while under the influence of drugs or alcohol.
- Employees must obey all traffic rules and regulations.
- Employees involved in an accident must immediately contact the main office in Maryland at 410-760-0022 and remain on the accident scene until all information is exchanged and the police are contacted and investigate. Employees should not discuss the accident with anyone else on the scene.
- Before using a Company vehicle, employees must conduct a maintenance and condition inspection of the vehicle—all problems should be reported to an immediate supervisor.
- All occupants in a company vehicle are required to wear a seatbelt at all times.
- Employees may not use handheld cellular telephones while driving a Company vehicle or driving a private vehicle while on Company business. The use of a “hand-free” device (such as a Bluetooth) is acceptable.

Failure to follow any of these policies may result in disciplinary action up to and including termination. If an employee’s negligence or carelessness causes damage to a Company vehicle and/or to other property, the employee may be held personally and financially responsible for any resulting losses.

Accidents

Any accident, both those involving personal injury in the workplace and those involving motor vehicles, must be reported to an employee’s immediate supervisor immediately. “Accident” includes near misses where someone could have been hurt or damage to equipment or property might have occurred as well as incidents or accidents on job sites. Supervisors should immediately report all injuries to Erica Bostwick or the Corporate Safety Director. Any time an accident occurs, the employee(s) involved must have a drug test performed as directed by the Company, usually within 24 hours. Refusal to submit to such a test is grounds for immediate dismissal.

Equipment Care Policy

Each employee must understand the equipment needed to perform duties. Good care of all equipment used, as well as the conservative use of supplies, is an essential function of the job. If any equipment is not working properly or is damaged or unsafe, an employee must notify his/her supervisor immediately so that the appropriate repairs or adjustments may be made. Failure to notify the Company about damaged or dangerous equipment may lead to termination of employment. Each employee is required to safeguard and protect all Company property and return it to the Company as instructed.

Confidential and Proprietary Information Policy

Employees may have access to confidential and proprietary information relating to the business and operations of Power Component Systems, including information with respect to the Company’s strategic plan, operations, and information about prospective clients, customers, accounts, files, sales, software, marketing methods, business relationships, and business opportunities. Employees may not disclose any of this information to any person or firm outside of the Company and no employee may use such information other than to benefit the Company. Such information may include, but is not limited to, spreadsheets (including those used for pricing), customer and contact lists, and contracts to which Power Component Systems is a party. Violation of this policy may result in disciplinary action up to and including employment termination and may expose an offending employee to civil and criminal consequences under the law.

Security

The Company has undertaken measures and issued policies and procedures for the security of the offices and the safety of its employees. By adhering to these policies and procedures, employees provide an important service to each other and the Company in pursuit of the common goal of attempting to provide a safe, secure, productive, and profitable workplace.

The Company's facilities contain valuable property and confidential client information that everyone has the obligation to protect. Employees are not to remove any tools, equipment, documents, or copies of documents (whether in hard copy or electronically), or any other Company property without the express written permission of a supervisor.

The Company has the right to conduct security investigations, inspections, and searches. Employees should have no expectation of privacy in the workplace or in any vehicle owned or controlled by the Company. Each employee is expected to cooperate with the Company in this regard as a condition of continued employment.

Employees should safeguard their keys and passwords against unauthorized use. The presence of any apparently unauthorized persons in the workplace should be reported immediately to a supervisor or security personnel.

Workplace Violence Prevention Policy

Power Component Systems is committed to preventing workplace violence and to maintaining a safe work environment. As such, the Company has adopted the following guidelines to deal with intimidation, harassment, or other threats of (or actual) violence that may occur during business hours or on the Company's premises or job sites.

A. Zero Tolerance

The Company has a zero-tolerance policy for actions, statements, or other behavior that is, or is intended to be, violent, threatening, intimidating, disruptive, aggressive, or harassing as determined by the Company in its sole discretion. Further, no fighting, "horseplay," or other conduct that may be dangerous to anyone or any Company or customer property is permitted. This policy applies to employees, consultants, contractors, vendors, visitors, all employees, agents, and to all other individuals while on the Company property or while conducting Company business (including travel).

B. No Weapons

No weapons of any type are allowed on any Power Component Systems premises or worksite, including, but not limited to, parking areas owned or used by the Company. This prohibition against weapons applies whether the weapon is on an individual person, carried in a container or openly, or in a vehicle brought onto Company premises. Furthermore, while on Power Component Systems business, employees are prohibited from carrying or otherwise possessing or transporting weapons at any time and at any place.

C. Company Response

Any person who violates this policy, shall be removed from the premises as quickly as safety permits, and shall be barred from Company property or jobsites until the outcome of an investigation. During the investigation, the Company may suspend employees, with or without pay. Violations of this policy shall result in disciplinary action, up to and including termination of employment, at the sole discretion of the Company. In addition, the Company may contact the appropriate police authorities requesting arrest and prosecution. No other Company practice, policy, or procedure should be interpreted to limit the Company's ability to take prompt and appropriate action to prevent an act or threatened act of violence, or to otherwise enforce this policy.

D. Mandatory Reporting by All Employees

Each employee is responsible for promptly notifying his or her immediate supervisor, or any member of management, of any violation or potential violation of this policy, including any threats that he or she has witnessed, received, or otherwise knows about. Even without an express verbal threat, employees should alert management to any suspicious behavior that they reasonably suspect might pose a danger to employees, guests, and/or Company property. The Company will strive to handle reports made under this policy with as much confidentiality as possible under the circumstances.

E. Arrests or Convictions

If an employee is arrested or convicted of a crime, the employee must immediately inform Human Resources. If the arrest or conviction involved conduct that impacts the employee's ability to perform his or her job, threatens the safety of the Company's work environment, or has the potential to undermine public confidence in the Company, a decision as to whether an arrest or conviction will affect an employee's employment status with the Company will be made. Such a determination depends on the circumstances and will be in accordance with applicable federal, state, and local laws.

F. Searches

The Company reserves the right to search: (1) Company property and premises, including but not limited to all Company vehicles and equipment; (2) the personal belongings (*i.e.*, pocketbook, briefcase, desk, locker, etc.) of any individual on Company property or Company jobsite; and (3) any vehicle in a parking area owned or used by the Company or used by employees to conduct Company business.

Employees should have no expectation of privacy when using the Company's electronic systems, such as email, voicemail, and the internet. The Company may monitor email, voicemail, and internet use. In addition, the Company reserves the right to implement any security measures deemed necessary, including video surveillance, in order to enforce this policy. Such actions will be taken by the Company in accordance with applicable federal, state, and local laws.

G. Restraining or Peace Orders

An employee who is protected or covered by a restraining order or other type of protective order should immediately provide a copy of the order to Human Resources. The Company will make every effort to keep the order and its terms as confidential as possible under the circumstances.

H. Retaliation Prohibited

Retaliation against any person for making a good faith report of a suspected violation of this policy is absolutely prohibited. Retaliation is also prohibited against any employee for filing, testifying, assisting, or participating in any investigation, proceeding, or hearing conducted by the Company, a federal or state enforcement agency, or a federal or state court.

Drug-Free Workplace and Drug Testing Policy

Power Component Systems strictly prohibits the actual or attempted possession, use, consumption, distribution, transfer, sale, purchase, manufacture, or transportation of controlled dangerous substances, or being under the influence of such substances, and any other illegal or unauthorized drugs, by any employee anywhere during regular working hours or in property, buildings, premises, or vehicles owned, leased, occupied, or otherwise used by the Company. In addition, the Company prohibits employees from personally possessing, being under the influence of, or having alcohol in their bloodstream any time during working hours.

“Controlled dangerous substance,” as used in this policy, has the same meaning as the term “controlled substance” in the Controlled Substances Act (21 U.S.C. § 802), and includes: (1) any substance that has not been legally

prescribed to the employee by a properly licensed physician; and (2) any substance that is legally obtainable but has not been legally obtained or is not being used in the prescribed dosage for prescribed purposes.

This policy does not prohibit an employee from taking prescribed medication under the direction of a physician; provided, however, that the prescribed medication does not impair job performance or threaten the safety or security of the Company, the employee, other employees, or the public.

Successful passing of a drug and/or alcohol test may be required as a part of pre-employment physical examinations for all individuals offered a job with the Company.

Being under the influence of alcohol or controlled dangerous substances in the workplace or testing positive for use of controlled substances is grounds for immediate termination and the Company has a zero-tolerance policy for such actions.

Post-Accident Testing: In the event of a motor vehicle accident, an accident in the workplace involving personal injury or damage to property, or a near miss that could have resulted in personal injury or damage to property, each employee involved will be required to undergo a drug and alcohol test. Refusal to submit to a post-accident drug and alcohol test is grounds for immediate termination of employment.

Reasonable Suspicion Testing: In the event that a supervisor observes behavior or receives information suggesting that there is reasonable suspicion to believe that an employee may be working while under the influence of drugs or alcohol or may have recently used illegal drugs or alcohol, the employee will be required to undergo a drug and alcohol test. Refusal to submit to a reasonable suspicion drug and alcohol test is grounds for immediate termination. "Reasonable Suspicion" includes, but is not limited to, the following:

- Slurred or confused speech
- Glassy, bloodshot, or watery eyes
- Smelling of drugs or alcohol
- Speaking loudly or yelling
- Inability to perform manual tasks.
- Inability to walk normally *e.g.*, tripping, or swaying.
- Behavior that is unusual or uncharacteristic for that employee
- Disappearing from the work area or unexplained absences
- The odor of drugs or alcohol in an employee's work area
- Credible information from other employees that an employee is under the influence of drugs or alcohol.
- Asking unusual or incoherent questions or making confusing statements
- Aggressive or inappropriate behavior

Safety

Power Component Systems expects and requires that you work safely and follow all federal and state safety regulations. Please read **Attachment A**, Code of Safe Practices.

Solicitation Policy

Solicitation of any kind during working time is strictly prohibited. Distribution of any literature (*i.e.*, email, flyers, handouts, posters, etc.) during working time or in working areas is strictly prohibited.

Telephone, Email, and Internet Use

Personal calls on Company telephones should be kept to a minimum. Employees are responsible for any charges incurred by the Company as a result of personal calls on Company telephones. Personal calls on employee-owned cell phones during work hours should only be made or accepted in the event of an emergency.

Access to the Company's email system and the internet is provided to personnel who require it to conduct the Company's business. Because email and internet activities may be monitored, all personnel using Power Component Systems' resources for the transmission or receipt of email and accessing the internet shall have no expectation of privacy. Do not use your Power Component Systems email address to sign up for any accounts or mailings for personal reasons (*i.e.*, shopping, gambling, sweepstakes, games, promotions, etc.). Limit the use of your Power Component Systems email address for business reasons that are pertinent and necessary to performing work.

Prohibited activities when using the Company email system include, but are not limited to, sending or arranging to receive, the following:

- Information that violates state or federal laws, or Company policy/procedure.
- Unsolicited commercial announcements or advertising material, unless approved by management in advance.
- Pornographic, discriminatory, racist, or offensive material.

Prohibited activities when using Company internet access shall include, but are not limited to:

- Browsing explicit pornographic sites or any site that is in direct violation of the Workplace Harassment Policy or any other Company policy.
- Posting, sending, or acquiring sexually explicit or sexually oriented material, hate-based material, or other material determined to be offensive or a violation of Company policy.
- Posting or sending confidential or proprietary information outside of the Company without management authorization.

Computer and Software Policy

The Company may provide employees with personal or laptop computers. These computers are the property of the Company. The software programs and other matter stored on these computers are also proprietary to the Company, even if personal nature is handled on the Company's equipment and even if protected by a password.

The Company purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation. Unless authorized by the software developer, the Company does not have the right to reproduce such software or use it on more than one computer. Employees may only use software on local area networks or on multiple machines in accordance with the software licensing agreement.

Employees are prohibited from installing any software not provided by or specifically authorized by the Company on a computer owned or supplied by the Company. The installation of unauthorized programs may be destructive of data, other software, or the communication capabilities of the Company's equipment.

The Company reserves the right to verify compliance with this policy. The Company also has the sole right to consent to a search of its computer systems, software, and hardware.

Employees should notify their immediate supervisor, or any member of management, upon learning of any violations of this policy. Employees who violate this policy will be subject to appropriate disciplinary action, up to and including employment termination.

Employees should use care when accessing Company databases or programs using public computers. Such connections may not be secure and confidential or privileged information could be inadvertently shared with others.

Employees should be certain that they do not log into the Company's systems using a public computer and then leave it unattended. Employees must be certain that they have completely logged out of any public computer and deleted all cookies and browsing history. The Company provides remote access to its systems through approved means. The employee should not access the Company's systems in any manner other than those explicitly provided by and approved by the Company.

Guidelines for Field Work

Work in the field may require unusual schedules and overtime—employees should be prepared to accommodate the Company's needs in this area. Employees should tell family members that it may not be possible for the Company to pass messages to them while in the field except in an emergency. Employees should keep a current emergency contact list with them while in the field to facilitate timely communication.

Employees should report to work with all necessary certification cards. Employees are expected to always have reliable transportation. Employees are required to travel at their expense to all local job sites. Jobs that are not local will be handled on a case-by-case basis. Employees are not to leave the jobsite early without approval from their supervisor. In the event of sickness or an emergency, employees must contact the office or their supervisor as soon as possible. "No call no show" will not be tolerated. In the event of inclement weather, an employee should contact the office for instructions.

Scrap Material Policy

The Company has a zero-tolerance policy for the removal/theft of recyclable scrap, trash, or similar materials. Employees are prohibited from removing any of these materials from a job site, Power Component Systems warehouse, or office property without written authorization.

Should an employee fail to abide by this policy, he or she will be subject to immediate employment termination and/or criminal prosecution for theft.

Theft of such materials should be reported immediately to the main office in Hanover, at 410.760.0022.

Social Media

Communications made on-line may be seen by others as a reflection or representation of an employee's character, judgment, and values, and in some instances may be perceived by others as an indirect extension of the Company, regardless of an employee's intent.

Posting some types of information on-line may be misleading (even though it is not so intended) and may jeopardize an employee's professional image or reputation and, by extension, the Company's image and reputation.

Information you share on-line may be seen by wide and unexpected or unintended audiences, may exist in perpetuity, may be impossible to retrieve or eradicate, and may be forwarded or shared endlessly.

Be especially careful when posting or sharing photographs and personal information.

During the time you are scheduled to work for the Company, you should refrain from visiting, participating in, or updating social media sites unless it relates to work being performed on behalf of the Company.

The Company may ask to view an employee's public profile and communications on social media sites at any time and for any reason. In the event the Company perceives any social media communication as compromising the Company, its personnel, or its clients in any respect, the Company may request such communications cease. Refusal to do so in appropriate cases may result in counseling and/or disciplinary action, up to and including termination of employment.

No employee may host or maintain a personal blog or website using the Company's technology or equipment or property.

Employees commenting or posting on any blog or site other than a blog or site hosted or maintained by the Company must present their comments or views in a manner that does not, in any way, imply that they reflect or represent those of the Company, its personnel, or its clients. Employees should expressly condition any post as solely the employees and not the Company's.

Comments or postings sent to a blog or other site from one's Company email address will automatically identify the sender with the Company and must be limited to professional and business-related matters and comply with the Company's policies and procedures.

No employee may act on behalf of the Company as a reference for or make a recommendation of another person. Employees are reminded that the Company has established protocols on providing references for former employees, and such protocols apply to any references that may be requested or given on social networking sites.

Copyright, fair use, financial disclosure, and intellectual property laws must be complied at all times. All sources of information or opinion must be identified and cited to avoid plagiarism.

SECTION THREE

Employment

Introductory Period

The first ninety (90) days of employment with the Company are considered an introductory period during which performance is monitored closely. At the end of the Introductory Period, the Company may modify an employee's duties, salary, or terminate an employee's employment. The use of this Introductory Period is not a guarantee of employment for ninety days or a guarantee of employment for a specific term or at a specific salary after the completion of the Introductory Period. Employment is "at-will" at all times.

Performance Reviews

It is Power Component Systems' intention to conduct a performance review of each employee annually. Although the Company will make every effort to review each employee from time to time, the Company cannot guarantee that this will occur on an annual basis. No employee should wait until a performance review to bring issues or concerns to the Company's attention. A performance review should not be construed as a promise or guarantee of a promotion, raise, bonus, or continued employment.

Outside Employment

Employees may not take an outside job, either for pay or as a donation of personal time, with a customer or competitor of Power Component Systems. Furthermore, employees may not perform work on their own time if it competes or interferes in any way with the services provided by the Company. If an employee intends to hold a second job, part-time or full-time, or if an employee intends to engage in a business enterprise on his/her own, the employee must first obtain written approval from Erica Bostwick.

Personnel Files and Contact Information

The information contained in employee personnel files is considered confidential information. An employee may review his/her personnel file in the presence of Human Resources during normal business hours provided that the employee sends a written request to do so to Human Resources at least three days in advance. Under no circumstances may an employee alter or remove any document in any file.

It is the sole responsibility of each employee to inform the Company of any changes in personal status that may alter his/her payroll or benefits status. Such information includes, but is not limited to, changes in last name due to marriage or divorce, gain or loss of dependents, changes of address, marital status, telephone number, and desired withholdings. The Company assumes no responsibility for the lack of updated information.

References

Power Component Systems provides only neutral employment references. Inquiries from outside interests (*e.g.*, credit checks, confirmation of employment, etc.) will be answered by Human Resources, who shall confirm only job title, dates of employment, and salary confirmation. All verifications may be obtained by written request only, accompanied by a completed and signed release form. Considering the Company's "neutral reference" policy, Power Component Systems employees must not under any circumstances respond to any requests for information by third parties regarding another employee. All such inquiries should be forwarded to Human Resources.

SECTION FOUR

Compensation

Employee Classification

Power Component Systems categorizes all employees as follows:

Non-Exempt Employees: These employees are typically paid on an hourly basis and are eligible for overtime pay.

Exempt Employees: These employees are paid a salary regardless of the hours worked and are not eligible for overtime pay.

Employees are also classified as one of the following:

Regular Full-time Employees: Any employee who is regularly scheduled to work 30 or more hours per week. Regular full-time employees are generally eligible for all standard company benefits.

Regular Part-time Employees: Any employee who works fewer than 30, but more than 20 hours per week. Regular part-time employees are generally not eligible for standard company benefits.

Salary and Wages

Salary and wage rates are based on many factors. The Company attempts to provide pay rates that are competitive in the marketplace. Pay increases are granted based on performance and/or promotion. The Company, at its discretion, may review pay rates from time to time and make adjustments as it sees fit. The Company does not have a policy that requires it to review pay rates on a certain schedule and employees should not expect that the Company will do so on any regular basis. Pay rates may fluctuate per project.

The Company accurately compensates employees and complies with all applicable state and federal laws, including the Fair Labor Standards Act. To ensure that employees are paid properly for all time worked and that no improper deductions are made, employees must correctly record all work time and review paychecks promptly to identify and to report all errors. Off-the-clock or unrecorded work is not permitted and will result in disciplinary action up to and including employment termination.

Occasionally, inadvertent mistakes can happen. If an employee has a question about deductions from pay or the amount of pay, the employee should contact the Payroll Administrator immediately. If an employee believes that his/her pay does not accurately reflect all hours worked, he/she should report those concerns to an immediate supervisor immediately. If a supervisor is unavailable, or if an employee believes it would be inappropriate to contact his/her supervisor, or if the employee has not received a prompt and fully acceptable reply within three business days, the employee should immediately contact the Payroll Administrator. The Company will correct as promptly as possible any mistake.

If an employee has questions about his/her eligibility for overtime compensation or believes that he/she may be misclassified as "exempt," the employee should document his/her concerns in writing and forward them to Erica Bostwick.

It is a violation of the Company's policy for any employee to falsify a timecard, or to alter another employee's timecard. It is also a serious violation of Company policy for any employee or manager to instruct another employee to incorrectly or falsely report hours worked or to alter another employee's timecard to under or over-report hours worked. If any manager or employee instructs to: (1) incorrectly or falsely under or over-report hours worked; (2) alter another employee's time records to inaccurately or falsely report that employee's hours worked; or (3) conceal any falsification of time records or to violate this policy, **do not do so**. Instead, report it immediately to Human Resources.

No employee should work any hours outside of his/her scheduled workday unless an immediate supervisor has authorized the unscheduled work in advance. Do not start work early, finish work late, work during a meal break or

perform any extra or “overtime” work unless authorized to do so ahead of time *and* that time is recorded on a timecard.

The Company will not allow any form of retaliation against individuals who report alleged violations of this policy or who cooperate in the Company’s investigation of such reports. Any form of retaliation in violation of this policy will result in disciplinary action, up to and including discharge.

Wages and Fringe Benefits for Work on Government Projects

Power Component Systems performs several projects for federal and state governments that are covered by the Davis Bacon Act and other prevailing wage laws. These laws set minimum wage and fringe benefits for employees performing work. Information about wages and fringe benefits can be found on materials the Company is required to post for employees.

On prevailing wage projects, employees assigned to perform unskilled labor must not perform duties that are classified as “skilled labor” duties. If a foreman instructs an employee to perform duties that are not consistent with the employee’s job classification and/or title, the employee must inform the Payroll Administrator to make sure the appropriate pay and fringe benefits are provided by the Company.

Overtime

For non-exempt employees, hours worked more than 40 in one workweek will be paid at an overtime rate that is 1.5x an employee’s regular rate. Special overtime calculations are required on government projects subject to the Davis Bacon Act. Time worked in excess of eight hours in a day or on weekends shall not automatically be considered overtime unless required by a prevailing wage scale. In no case shall Holiday, Vacation, Sick, Funeral/Bereavement, Jury Duty, FMLA leave, or any other type of leave time count toward “hours worked” for overtime purposes.

Overtime must be approved by a supervisor in advance of being worked. Failure to obtain prior approval before working overtime will result in discipline or employment termination.

No employee is permitted to work “off the clock.” If an employee works and does not record the time, the employee will face discipline or employment termination. Foremen or other management employees who require an employee to work off the clock or who fail to record overtime will face disciplinary action up to and including employment termination.

Depending on the status of a project or the number of active projects at any given time, overtime may be mandatory.

Salaried employees who work more than 50 hours in one week will have their salaries converted to an hourly rate and will be paid a bonus at straight time for those hours worked in excess of 50 in a single work week.

Expense Reimbursements

The Company will reimburse all authorized business-related expenses for employees conducting authorized company business. All business-related expenditures must be accompanied by a receipt and approved by an employee’s immediate supervisor. All items purchased or charged are to be itemized on an expense form provided by the Company with receipts attached. Expense reports must be turned in no later than the Tuesday following the week in which the expense was incurred.

Workweek and Payday

The Company's workweek begins on Monday at 12:00 am and ends on the following Sunday at 11:59 pm.

Paychecks will be mailed to an employee's home address of record on the Thursday prior to payday.

Salaried employees are paid every other Friday.

SECTION FIVE

Benefits

Benefits Generally

Regular full-time employees are eligible for the benefits described in this section after completing one year of employment. Regular full-time employees are those employees working a minimum of thirty (30) hours per week. For more information, see Human Resources.

Paid Holidays

Regular, full-time non-exempt employees receive the following paid holidays provided that each works or uses a vacation day on the workday before and after each holiday:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- The Friday following Thanksgiving Day.
- Christmas Day
- Other days as announced in advance by the Company when the Company deems such additional days appropriate.

If a holiday falls on a weekend, management will determine whether the Friday or Monday surrounding that weekend will be designated as a paid holiday.

Paid Vacation Leave

Regular, full-time employees who have completed their introductory periods are eligible for paid vacation on the following scale:

Salaried Employees:

| <u>Length of service</u> | <u>Days per year earned</u> |
|---------------------------------|------------------------------------|
| 1 year | 5 days |
| 2-5 years | 10 days |
| Six or more years | 15 days |

Hourly Employees:

| <u>Length of service</u> | <u>Days per year earned</u> |
|---------------------------------|--|
| 1 year | 5 days |
| 2-5 years | 5 days plus one additional day for each year of service |
| Six or more years | 10 days |

The vacation year is defined as the 12-month period commencing with the employee's first employment anniversary date going forward. Adjustments for short or long coincidence between the anniversary date and calendar year allocation shall be addressed individually by management upon the request of an employee.

Vacation days must be used in the year earned or the Vacation days are forfeited. This means that Vacation days may not be rolled over to the following year and unused Vacation days will not be paid out at the end of a year or at employment termination.

Employees must provide supervisors with forty-five (45) days' notice of their intent to use vacation. If two employees request a vacation for the same dates and their jobs are reliant upon one another, the Company will approve the vacation time for the employee who first requested time off.

Vacations shall only be taken in increments of one week unless specifically approved by a Department Head.

If a designated holiday occurs during an employee's vacation, the employee will be eligible for a vacation day equal to the holiday.

Sick and Safe Leave

Employees who regularly work at least twelve (12) hours per week and whose primary work location is in Maryland are eligible for up to forty (40) hours of paid sick and safe leave.

Eligible employees will be awarded 40 hours of sick and safe leave on January 1 each year. New hires will be awarded a prorated amount of sick and safe leave based on their date of hire and an accrual rate of one (1) hour of leave for every thirty (30) hours worked. Employees are not permitted to carry over any unused sick and safe leave to the following calendar year.

Sick and safe leave may be used for the following reasons:

- To care for or treat the employee's mental or physical illness, injury, or condition.
- To obtain preventative medical care for the employee or the employee's family member.
- To care for a family member with a mental or physical illness, injury, or condition.
- For maternity or paternity leave; or
- Where the absence from work is necessary due to domestic violence, sexual assault, or stalking committed against the employee or the employee's family member and the leave is being used: (1) to obtain medical or mental health attention; (2) to obtain services from a victim services organization; (3) for legal services or proceedings; or (4) because the employee has temporarily relocated as a result of the domestic violence, sexual assault, or stalking.

For purposes of this policy, the term "family member" includes: (1) an employee's spouse; (2) an employee's child, or a child for whom the employee has legal or physical custody or guardianship or stands in loco parentis; (3) the parent of an employee or the employee's spouse; (4) an employee's legal guardian; (5) an individual who acted as a parent or stood in loco parentis to the employee or the employee's spouse when the employee or the employee's spouse was a minor; (6) an employee's grandparent; (7) an employee's grandchild; and (8) an employee's sibling. The terms "child," "parent," "grandparent," "grandchild," and "sibling" include biological, adoptive, foster, and step relationships.

Employees may not use sick and safe leave during the first 106 calendar days of their employment. Sick and safe leave may be used in increments of not less than four (4) hours.

If the need to use sick and safe leave is foreseeable (*e.g.*, a scheduled doctor's appointment), an employee must provide notice at least seven (7) days prior to leave use. Notice must be given to the HR office in Maryland or to an employee's direct Supervisor. If the need to use sick and safe leave is not foreseeable, the employee must provide notice as soon as practicable. A request to use sick and safe leave may be denied if an employee fails to provide proper notice and the employee's absence will cause a disruption to the Company's operations. It is the employee's responsibility to notify the HR office in Maryland or direct supervisor if Sick & Safe leave time is requested.

An employee who uses sick and safe leave for unauthorized purposes or who has demonstrated a pattern of abusing sick and safe leave may be denied the right to use sick and safe leave in the future. If an employee uses sick and safe leave for more than two (2) consecutive scheduled shifts, the employee must provide verification that the leave use was appropriate.

Each pay period, employees will be provided with a statement showing their used and available sick and safe leave.

Employees will not be paid for any unused sick and safe leave upon termination of employment. If an employee leaves employment and is rehired within thirty-seven (37) weeks of leaving, any unused sick and safe leave the employee had at the time of separation will be reinstated.

The Company will not take adverse action against any employee for using sick and safe leave. If an employee believes that he/she has been retaliated against or has any questions related to sick and safe leave, he/she should contact Human Resources.

Personal Days

Two personal days are granted to full-time, salaried employees each year. Personal days cannot be carried over from year to year and are forfeited if not used in the year in which they accrue or before employment termination.

Funeral/Bereavement Leave

Bereavement pay is available to salaried employees only. If a death occurs in an employee's immediate family, including spouse, parent, stepparent, grandparent, child, stepchild, grandchild, sibling, stepsibling, your spouse's immediate family, or equivalent, an employee may receive up to three (3) regularly scheduled days off to attend the funeral and attend to personal matters. Such leave requires the approval of the employee's immediate supervisor. One (1) day off may be taken for the death of an aunt, uncle, or other relative in-law.

Family and Medical Leave

Generally, eligible employees are entitled to up to 12 weeks of unpaid leave per rolling 12-month period measured backwards from the date of the first day of requested leave for the birth, adoption or foster care of a child; to care of a child, spouse, or parent with a serious health condition; for the employee's own serious health condition; and for a "qualifying exigency" associated with their spouse, child, or parent who is a member of the Armed Forces on active duty in a foreign country or called to active duty in a foreign country. Eligible employees who are the child, spouse, parent, or next of kin (defined as the nearest blood relative) of a covered servicemember may also take up to 26 weeks of unpaid leave in one single 12-month period to care for a servicemember. A "covered service member" is a member of the Armed Forces who has a serious injury or illness incurred in the line of duty on active duty or aggravated by service in the line of duty on active duty, which may render the service member unfit to perform the duties of his/her office, grade, rank or rating, and who is undergoing medical treatment, recuperation or therapy, in outpatient status, or otherwise on the temporary disabled list; or a veteran who is undergoing medical treatment, recuperation or therapy for a serious injury or illness incurred in the line of duty on active duty or aggravated by service in the line of duty on active duty, and who was a member of the Armed Forces during the 5-year period preceding the date on which such treatment, recuperation or therapy began.

Employees should note the following:

- Certain eligibility rules and requirements may differ based upon the state laws where the employee is employed. Human Resources can answer any questions employees may have.
- If two employees are married to each other, they may take only a combined 12 weeks of leave per 12-month period for the birth/adoption/foster care of a child. Further, two married employees may not use more than a total of 26 weeks combined to care for an injured service member.

- With the exception of FMLA, leave taken for the birth/adoption/foster care of a child, which must be taken continuously, FMLA leave may be taken intermittently or on a reduced schedule basis when medically necessary and supported by proper medical certification. FMLA leave to deal with a military service member's "qualifying exigency" may also be taken on an intermittent basis.
- The total amount of FMLA leave taken for any of the reasons set forth above may not exceed 12 weeks in a rolling 12-month period, except that leave to care for an injured or ill service member, when combined with other FMLA-qualifying leave, may not exceed 26 weeks in a single 12-month period.

FMLA can be used by eligible employees:

- For the birth of, or to care for, a newborn child. Conference room
- For placement with the employee of a child for adoption or foster care.
- To care for the employee's spouse, child, or parent who has a serious health condition.
- Because of a serious health condition that makes the employee unable to perform the functions of his or her job.
- For a "qualifying exigency" associated with a child, spouse, or parent's active duty in a foreign country or call to active duty in a foreign country.
- To care for a child, spouse, parent or individual to whom the employee is the next of kin (closest blood relative) who has incurred an injury or illness or aggravated an injury or illness while on active duty in the Armed Forces, provided that such an injury or illness rendered the family member medically unfit to perform duties of the member's office, grade, rank, or rating.

Employees who: (1) work in facilities with more than 50 employees within a 75 miles radius; (2) have been employed by the Company for at least 12 months; and (3) have worked at least 1,250 hours in the 12 months prior to requesting leave are eligible for FMLA leave.

FMLA leave is unpaid leave. However, all earned paid leave, such as "vacation" must be taken concurrently with FMLA leave until exhausted. Upon return from approved FMLA leave, in general, eligible employees will be returned to the same position held prior to the leave, or one that is substantially equivalent in pay, benefits, and other terms and conditions. Health coverage will be maintained during the leave period, provided the employee continues to pay his or her portion of the premium in a timely manner.

It is the Company's policy not to discharge, discriminate against, or otherwise retaliate against any employee exercising his or her rights under the Family and Medical Leave Act.

Employees should follow these steps to request FMLA leave:

- Submit family and medical leave requests in writing to Human Resources at least 30 days in advance when the leave is foreseeable, or as soon as practical thereafter. FMLA Forms are available from the office.
- Submit written medical certification when taking family and medical leave to care for a seriously ill spouse, son, daughter, or parent; to care for an injured service member; or due to the employee's own serious health condition that makes the employee unable to perform one or more essential job functions. The Company allows up to 15 calendar days to provide supporting documentation of the need for leave.
- Submit written certification of the need for "qualifying exigency" leave. The Company allows up to 15 calendar days to provide supporting documentation of the need for leave.
- Re-certification may be required periodically. All FMLA re-certification paperwork should be forwarded directly to Human Resources.

- Remit health insurance premiums as required, either through payroll deduction, or by personal check. For employees receiving compensation from the Company or through a disability plan, deductions will continue, and a personal check will not be required.
- Prior to returning to work, an employee who takes leave due to his or her own serious health condition is required to submit certification from a health-care provider that he or she is able to perform the essential functions of his/her job. The “Return to Work” statement must be submitted to Human Resources. Any employee returning to work without the certification from the healthcare provider will be asked to leave the workplace until certification can be obtained.
- Employees who fail to return to work after their approved leave has expired may be terminated.

Please note that FMLA leave automatically runs concurrently with applicable Short-Term Disability and Long-Term Disability leave.

Military Leave

Employees will be granted an unpaid military leave of absence of up to five (5) years for active service or training in the U.S. military forces, contingent on meeting eligibility requirements. Eligible employees continue to earn service credit as if they were at work and are guaranteed a job to the extent required by law if they comply with reinstatement requirements upon return from military leave.

Employees should note the following:

- Employees may be eligible to continue obtaining health benefits under the company’s applicable plan under COBRA and/or USERRA. Employees should contact Human Resources for more information about continuing benefits.
- Employees requiring military leave should notify Human Resources at least one month prior to beginning military leave for active service, if possible. Employees must provide documentation of their military training obligations to their managers prior to leaving or produce a copy of their military orders, as soon as reasonably possible, for active service.

Other Benefits

Power Component Systems is dedicated to the health and well-being of both its employees and their families. The Company maintains a comprehensive, quality insurance program. Benefit enrollment and changes can be made only: (1) during annual open enrollment; or (2) during a qualifying life status change. Benefits are available to eligible employees after one year of employment. The Company will contribute toward the cost of these benefits in an amount that it shall determine from time to time.

Some of the benefits offered by the Company include:

- Medical Insurance
- Life Insurance
- 401(k) retirement plan

Literature is provided by our insurance companies and 401(k) provider and is available from Human Resources. If there is a discrepancy between the description of benefits offered in this handbook and those offered by the benefit plan documents, the benefit plan documents are controlling.

COBRA Benefits

The Consolidated Omnibus Budget Reconciliation Act of 1985 (commonly known as "COBRA") is a law that requires most employers to offer continued group medical benefits to covered employees and/or their spouses and dependents. COBRA is designed to protect "qualified beneficiaries" who are defined as employees, spouses, and dependent children.

If these beneficiaries are covered by a health plan the day before a "qualifying event," they are permitted to remain participants, at their expense, in covered medical group plans for eighteen (18) months, and up to thirty-six (36) months in certain situations.

A "qualifying event" can be:

- Death of a covered employee
- Termination of the covered employee's employment or a reduction of hours resulting in loss of eligibility to participate in the Company paid group medical plan.
- The divorce or legal separation of the covered employee from his/her spouse.
- The covered employee becoming entitled to social security benefits.
- A dependent child losing his/her dependency status under terms of the medical plan.

Employees must notify Power Component Systems within thirty (30) days upon the occurrence of a qualifying event.

Workers Compensation Benefits

All injuries or illnesses arising out of the scope of employment must be reported to an employee's supervisor immediately. An Injury Report Form must be completed and given to Erica Bostwick within 24 hours of the injury.

All employees are entitled to Workers' Compensation benefits. This coverage is automatic and immediate. It protects an employee in the event of an on-the-job-injury. An on-the-job injury is defined as an accidental injury suffered in the course of work or an illness that is directly related to performing assigned job duties. Power Component Systems pays for this job injury insurance. If an employee is unable to work due to a job-related injury or illness, Workers' Compensation insurance may pay medical bills and provide a portion of lost wages.

Employees returning to work after being absent due to a work-related injury must report to the office prior to beginning work and must bring a doctor's clearance for returning to work. Power Component Systems, Inc. has an aggressive return to work program and the Company strives to get injured workers back to work on light duty as quickly as possible.

SECTION SIX

Separation

Termination of Employment

Power Component Systems hopes and expects that each employee will provide the Company with at least two (2) weeks' notice in the event of resignation; however, the Company reserves the right not to accept the two-week notice.

Return of Company Property and Tools

Any Company property issued to an employee, including but not limited to tools, credit cards, gas cards, cell phones, and keys must be returned to Power Component Systems at the time of employment termination. The cost of any Company property that is not returned or that is returned in a damaged condition may be deducted from an employee's final paycheck or the Company may institute legal action against the departing employee to recover the value of such items.

Final Paycheck

Upon termination, an employee's final paycheck will be mailed to him or her on the next regularly scheduled payday. Each Employee has the responsibility to make sure that the Company has his/her current mailing address.

Attachment A

CODE OF SAFE PRACTICES

It is the policy of Power Component Systems, Inc. to provide and maintain safe and healthy working conditions and to follow operating practices that will safeguard employees and result in safe working conditions and efficient operations. To carry out this policy, the Company has adopted the following rules and practices which must be followed by all employees. A violation of these regulations will result in appropriate disciplinary action, up to and including discharge. Supervisors are responsible for supplying appropriate safety equipment and ensuring that employees use it when necessary. No employee should work without safety equipment if they know safety equipment is required. Anyone observing an employee working unsafely or without safety equipment must report the incident to Human Resources.

1. Employees shall abide by this Code of Safe Practices and all other established safety and health standards and regulations that are necessary to the safe performance of their work.
2. Employees must come to work on time, fit for duty, and be dressed in attire suitable for construction work, including shirts with sleeves, long pants, and proper work shoes. Additional protective gear will be available as needed. **HARD HATS AND ANSI APPROVED SAFETY GLASSES ARE TO BE WORN BY EVERYONE AT ALL TIMES WHILE ON WORK SITES.**
3. All accidents and injuries must be reported to a supervisor immediately. All hazardous or unsafe conditions or activities observed should be reported to a supervisor immediately.
4. Employees must attend all "Toolbox Talk" safety meetings and sign an attendance form.
5. Labels on tools, materials, and chemicals must be read before use and all instructions regarding use, handling, and PPE must be followed.
6. Materials, trash, and other objects must not be thrown from buildings or structures under any circumstances.
7. Materials must not be stored within six feet of floor openings or within ten feet of open floor edges.
8. Materials on roofs and open floors must be secured to prevent them from being blown over by wind. Material should not be stacked or stored in such a way that would make the material prone to being toppled by wind.
9. Protruding nails must be bent over or pulled as work proceeds. Nails in job-built guardrails, ladders, or handrails must be pounded flush with the surface.
10. When lifting heavy objects, employees must use their legs and not their backs. Help should be obtained when an object is too heavy or awkward to be lifted safely by one person.
11. Employees must be familiar with the location of fire extinguishers throughout the worksite and know how to use and find them.
12. An ABC rated fire extinguisher must be readily available when welding or burning and when using flammable liquids or gases.
13. Smoking is not permitted around gasoline or other flammable liquids or gasses. Equipment must be turned off before refueling and extreme caution must be used with fuel around a hot muffler.
14. Gasoline must be stored and transported only in approved safety containers and never used for cleaning purposes.

15. Tools and power cords must be inspected for damage or defects before each use. Problems must be reported to a supervisor before any material is used.
16. Guards and other safety devices on tools and equipment must be kept in place and working properly.
17. Specific training and certification cards are required for any employee working with the removal of asbestos or lead paint. No employee without proper training is authorized to perform this work.
18. Proper respirators and other PPE must be used by all employees in any area where asbestos or lead paint is being removed.
19. Working above or below other operations creates a hazard from falling objects. Conflicting activities should be reported to a supervisor so the activities can be properly coordinated.
20. Areas that are separated from the main work areas by a warning line, control lines, or barricades must not be entered by unauthorized employees. These areas are blocked for safety reasons and may contain hazards that are not obvious.
21. A full-body harness or other approved means must be used for fall protection where the fall distance is six feet or more. When guardrails, control lines, or warning lines are temporarily removed, provisions to prevent unprotected employees from entering the area must be provided.
22. Floor holes two inches and over must be covered and the covers must be secured and marked.
23. Riding on trucks and heavy equipment is permitted only where a seat has been provided by the manufacturer and seat belts must be worn if available.
24. Employees must not attempt to cross the path of a truck or piece of equipment unless eye contact is made with the operator and a go-ahead signal is given. Employees must stay alert and keep clear of moving equipment.
25. Scaffolds must be erected, altered, used, and dismantled under the supervision of an individual trained in such activities.
26. A proper ladder must be used to access a scaffold, work platform, or another level of construction. Climbing a scaffold brace or frame is not permitted.
27. Housekeeping is a primary concern and must be maintained at the highest level. Daily cleanup is mandatory, especially food waste. Left over and scrap materials must be removed from the worksite daily.
28. When using a ladder, employees must use the three-point system: one hand and two feet or two hands and one foot must be always in contact with the ladder.
29. Gas cylinders must be properly secured at all times.
- 30.

Attachment B

HANDBOOK AND CODE OF SAFE PRACTICES
ACKNOWLEDGEMENT FORM

I acknowledge that I have been advised that Power Component Systems, Inc. has an employee handbook that sets forth various policies regarding my employment by the Company. I acknowledge that I have been given a copy of the Power Component Systems, Inc. employee handbook and can obtain a replacement copy by contacting Human Resources. I understand and agree that it is my responsibility to familiarize myself with and abide by the policies set forth in that handbook. I also understand that the handbook does not create a contract of employment, either express or implied, or a guarantee of any benefit, and that the handbook contains only a summary of benefits and an overview of the Company's policies and practices.

I further understand that I am an at-will employee and only Erica Bostwick can enter into an employment contract with an employee for a specific term, and only then by way of a written agreement.

I understand that all Company policies, practices, wages, and benefits, whether they are described in this handbook or not, may be unilaterally changed, amended, modified, reduced, or discontinued by the Company at any time in its sole judgment and discretion. I also understand that any amendment of the handbook will always govern and supersede any prior version.

Further, I understand, in accordance with the handbook policies, that, if I should have questions or concerns regarding my terms of employment or working conditions with Power Component Systems, I should contact a job foreman, the office, or a member of management.

I also acknowledge that I have been given a copy of, read, and understand Power Component System's Code of Safe Practices and promise to follow them, immediately report all safety hazards, and immediately report any violation of the Company's safety rules to a supervisor.

Employee Name

Employee Signature

Date

Attachment C

PAYROLL DEDUCTION AUTHORIZATION FORM

I hereby authorize Power Component Systems, Inc. to deduct from my paychecks any amounts representing personal obligations arising from conduct such as, but not limited to:

- Personal postage and Federal Express charges.
- Personal telephone calls and faxes.
- Personal use of marketing goods.
- Personal use of office supplies.
- Personal use of copiers.
- Personal loans or advances.
- Costs associated with certification classes for which I must reimburse the Company pursuant to Company policy.
- Costs associated with damage to a Company vehicle that occurs while an employee is using the vehicle for personal uses.
- Costs associated with any speeding tickets, red-light cameras, or other traffic violations incurred while driving a Company vehicle; and
- The cost of replacing and/or repairing equipment or supplies when such cost is necessitated by my misuse of the equipment or supplies.

Furthermore, I authorize the Company to deduct from my paychecks the cost of keys, computers, manuals, tools, building materials, and other property not returned upon the termination of my employment.

This Authorization will remain in effect until I otherwise notify the Company in writing. Even after I give notice that I have revoked this Authorization, it shall remain in effect and binding with respect to any outstanding obligations that I may then owe to the Company, and with respect to any property of the Company that is then in my possession.

Employee Name

Employee Signature

Date