

To: All Software Engineering Services, Inc. Employees
Re: Personnel Policy Manual

Welcome to Software Engineering Services, Inc.

This manual has been prepared as a guide and reference for all Software Engineering Services (SES), Inc. employees. It has the unanimous approval of the Board of Directors and top management.

Because of the competitive environment in which SES operates and the increasingly complex legal nature of the employment relationship, we feel it is in the best interest of the organization and its employees to have written personnel policies. It is important for our employees to know our organization's objectives and expectations.

Accordingly, I request that each of you thoroughly familiarize yourself with the contents of this manual to allow for fair, consistent, and effective administration.

SES enjoys a fine reputation in our business community. It is our sincere hope that our present employees, our new employees, and those who work for us in the future will derive great pride and satisfaction from their employment.

If you have any questions regarding our policies, please feel free to ask your supervisor, your manager or the Resource Manager.

Thank you for your contributions to Software Engineering Services, Inc.'s success.

Sincerely,

President

PERSONNEL POLICY

Mission Statement:

SES is a consultant/contract provider of software engineering services for both commercial and government information systems clients. We will provide quality service that is customer responsive to fulfill the software engineering needs of our clients well into the 21st century.

Policy Statement:

SES will generate policies when Company-wide uniformity of action is required.

The policies and implementation guidelines contained herein constitute management **guidance only** and are not intended, nor should they be interpreted to be, contractual obligations by and between Software Engineering Services, Inc. and any of its employees. Further, Software Engineering Services, Inc. expressly reserves the right to modify, add to or delete any of the policies and guidelines at its sole discretion at any time and without notice.

All of Software Engineering Services, Inc.'s published policies will be approved by the President of Software Engineering Services, Inc. The President will approve exceptions to these policies.

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REVISION RECORD			
SECTION CHANGED	TYPE OF CHANGE*	DATE CHANGED	APPROVED BY

* A = Added material, D = Deleted material, C = Changed material

100 GENERAL OVERVIEW

101 PURPOSE OF THIS MANUAL

Policy:

SES will use this manual as an outline of the basic personnel policies, practices, and procedures for the organization. As you review the personnel policies, you should keep in mind some basic concepts. Our relationship as employer and employee is based on mutual consent, and therefore will continue only as long as both parties find the relationship to be satisfactory. Accordingly, you are free to terminate your employment whenever you feel it would be in your best interest to do so. By the same token, SES reserves the same right to terminate employment, at the discretion of Software Engineering Services management. This is known as employment "at will," and all of the policies are subject to this overriding principle. (See **Employment-at-Will, Paragraph 104.**)

The personnel policies cannot possibly describe every circumstance that might arise, and therefore this document should be considered a summary for your convenient reference. They (policies) are not a contract, and Software Engineering Services, Inc. management reserves the right to exercise its discretion when interpreting and applying these policies, and to modify the policies at any time.

Comment:

(1) This manual contains general statements of SES policy and should not be read as including the fine details of each policy, nor as forming an express or implied contract or promise that the policies discussed in it will be applied in all cases SES may add to the policies in the manual or revoke or modify them from time to time. It will try to keep the manual current, but there may be times when policy will change before this material can be revised.

(2) All manuals are SES property and are assigned to the job position and not to the individual. The Resource Manager is responsible for distribution of the manuals. **All manuals must be returned to the Resource Manager upon termination of employment.**

(3) A Resource Committee, which includes the Resource Manager, Marketing Director, Technology Director, and the President, has been established to review and authorize changes in SES personnel policies. Department heads and supervisors are encouraged to recommend changes or new policies. The Resource Manager is responsible for disseminating new policy information.

(4) Supervisors and employees should refer to this manual whenever questions of policy interpretation or implementation arise. Issues needing clarification should be referred to the Resource Manager.

- (5) As used in the manual:
- (a) The words “shall” or “will” are to be construed as mandatory and the word “may” as permissive
 - (b) The masculine gender shall be construed to include the feminine gender
 - (c) “Supervisor” means an individual with the authority to assign, direct, and review the work of subordinates
 - (d) “The Company” or “Company” refers to SES

102 RESOURCE MANAGER

Policy:

The Resource Manager functions as the head of the Resource Management Department and reports directly to the President.

Comment:

- (1) The Resource Manager, as operating head of the Resource Management Department, supervises the work of the department's staff.
- (2) The Resource Manager is responsible for handling SES human resources functions and, in such capacity, serves as a consultant to the President on all matters concerning human resource management. In addition, the Resource Manager provides staff assistance to supervisors and department heads in developing, communicating, and carrying out the organization's personnel policies.
- (3) The Resource Manager's responsibilities include the following:
 - (a) Planning and formulating general personnel policies, including work force planning
 - (b) Complying with all federal, state, and local employment laws and regulations
 - (c) Overseeing recruiting, interviewing, testing, selection, placement, and orientation of new employees
 - (d) Implementing special education, counseling, training, and development programs
 - (e) Coordinating the appraisal, transfer, promotion, demotion, and termination of employees
 - (f) Administering compensation programs for both exempt and non-exempt employees

- (g) Administrating employee benefit plans and programs, and disclosure of information concerning benefits to employees
- (h) Implementing appropriate disciplinary procedures and ensuring that such policies or procedures do not alter the employment at-will relationship or form a contract or promise that such policies or procedures will be followed in each and every case
- (i) Maintaining personnel records and evaluating personnel programs and policies

103 CODE OF EMPLOYEE/EMPLOYEE RELATIONS

Policy:

SES will implement fair and effective personnel policies and to require all employees to serve the Company's best interests.

Comment:

- (1) SES goals for employees include the following:
 - (a) To provide equal employment opportunity and treatment regardless of race, religion, color, sex, age, national origin, or disability
 - (b) To provide compensation and benefits commensurate with the work performed
 - (c) To establish reasonable hours of work based on SES production and service needs
 - (d) To monitor and comply with applicable federal, state, and local laws and regulations concerning employee safety
 - (e) To offer training opportunities for those whose needs and capabilities warrant such training
 - (f) To be receptive to constructive suggestions which relate to the job, working conditions, or personnel policies
 - (g) To establish appropriate means for employees to discuss matters of interest or concern with their immediate supervisor or department head

- (2) SES expects all employees:
 - (a) To deal with clients and vendors in a professional manner
 - (b) To perform assigned tasks in an efficient manner
 - (c) To be punctual
 - (d) To demonstrate a considerate, friendly, and constructive attitude toward fellow employees and
 - (e) To adhere to the policies adopted by Software Engineering Services, Inc.

- (3) SES has the sole right to exercise all managerial functions including, but not limited to:

- (a) Dismissing, assigning, supervising, and disciplining employees
- (b) Determining and changing start times, quit times, and shifts
- (c) Transferring employees within departments or into other departments and other classifications
- (d) Determining and changing the size and qualifications of the work force
- (e) Determining and changing methods by which its operations are to be carried out
- (f) Determining and changing the nature, location, services rendered, quantity, and continued operation of the business
- (g) Assigning duties to employees in accordance with SES needs and requirements and to carry out all ordinary administrative and management functions

Nothing in this manual should be considered as altering the employment at-will relationship or as creating an express or implied contract or promise concerning the policies or practices that Software Engineering Services, Inc. has implemented or will implement in the future. (See Employment At-Will, paragraph 104.) Accordingly, SES (based on recommendations from the Resource Committee) retains the right to establish, change, and abolish its policies, practices, rules, and regulations at-will, and as it sees fit.

104 EMPLOYMENT AT-WILL

Policy:

All employees who do not have a written employment contract with SES for a specific, fixed term of employment are employed at the will of SES for an indefinite period. Any written employment contract for a specific, fixed term of employment, must be approved by the President of SES. The employees of SES are “at-will” employees. This means that SES may terminate any employee at any time, with or without cause, and that an employee is likewise free to resign at any time.

Comment:

(1) Employees who do not have a separate, individual written employment contract are employed at the will of SES and are subject to termination at any time, for any reason, with or without cause or notice. At the same time, such employees may terminate their employment at any time and for any reason.

(2) No SES representative is authorized to modify this policy for any employee or to enter into any agreement, oral or written, contrary to this policy. Supervisory and management personnel are not to make any representations to employees or applicants concerning the terms or conditions of employment with SES that are not consistent with SES policies. No statements made in interviews or discussions, or in recruiting materials of any kind, are to alter the at-will nature of employment or imply that discharge will occur only for cause.

(3) This policy may not be modified by any statements contained in this manual or any other employee handbooks, employment applications, SES recruiting materials, SES memoranda, or other materials provided to applicants and employees in connection with their

employment. None of these documents, whether singly or combined, are to create an express or implied contract concerning any terms or conditions of employment. Similarly, SES policies and practices with respect to any matter are not to be considered as creating any contractual obligation on SES, part or as stating in any way that termination will occur only for "just cause." Statements of specific grounds for termination set forth in this manual or in any SES documents are examples only, not all-inclusive lists, and are not intended to restrict SES right to terminate at-will.

(4) At the time of hire, employees are required to sign a written statement acknowledging that they are employed at the will of Software Engineering Services, Inc. and are subject to termination at any time, for any reason, with or without notice, and with or without cause.

(5) Completion of an introductory period or conferral of regular status does not change an employee's status as an employee at-will or in any way SES right to terminate such an employee or change the terms or conditions of employment.

200 EMPLOYMENT

201 EQUAL EMPLOYMENT OPPORTUNITY

Policy:

SES will provide equal opportunity to all employees, employment applicants, and contractors in a manner fully consistent with applicable local, state and federal laws regardless of race, color, religion, national origin, sex, age, disability or veteran status.

Comment:

The Company will take the following actions:

- (1) Recruit, hire, and promote persons in all job classifications without regard to race, color, religion, sex, age, national origin, disability or veteran status, except where it is a *bona fide* occupational qualification.
- (2) Base employment decisions so as to further the principal of equal opportunity.
- (3) Ensure that promotion decisions are in accordance with principles of equal employment opportunity by imposing only valid requirements for promotional opportunities.
- (4) Ensure that all other personnel actions such as compensation, benefits, transfers, payoffs, return from layoff, division sponsored training, education, tuition assistance, and social or recreational programs will be administered without regard to race, color, age, religion, sex, national origin, disability or veteran status.

202 SEXUAL HARASSMENT

Policy:

SES will define sexual harassment within the purview of the law, to clarify the Company's stand against sexual harassment, and to provide guidelines for handling complaints.

Comment:

(1) Sexual harassment refers to behavior that is not welcome, which is personally offensive, and which interferes with the work effectiveness of its victims and their co-workers. Sexual harassment may include, but is not limited to, actions such as: sex-oriented verbal "kidding" or abuse, subtle pressure for sexual activity, or physical contact such as patting, pinching, or frequent brushing against another's body.

(2) Sexual harassment is further defined as "unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature" when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment
- Submission to or rejection of such conduct by the individual is used as the basis for employment decisions affecting such individual
- 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

(3) Additionally:

- Either men or women may be the victims of harassment or may be the harasser
- Outsiders (non-employees) may be the harassers, as well as supervisors, other agents and co-workers
- Victim and harasser can be the same sex (sexual harassment is based on the victim's sex rather than on sexual preference)
- Harassment directed at one individual may create an intimidating, hostile or offensive working environment for other co-workers (female or male)

SES' Stand Against Harassment

(1) SES is considered responsible for acts of harassment by its supervisory personnel or employees when the Company knew or should have known of the conduct, unless it can be shown that immediate and appropriate corrective action has been taken by the Company management.

(2) Sexual harassment of employees or job applicants is nonproductive and inappropriate behavior. SES considers such behavior unacceptable and it will not be tolerated. Those determined by the SES to have demonstrated or participated in such conduct will be subject to appropriate disciplinary action. Employees using the complaint procedure outlined in the Implementation Guidelines (on the following page) will be protected from retaliation in that they will in no way be adversely affected as to job standing, opportunity for advancement or salary increases resulting from their initiating such a complaint.

(3) Employees have the responsibility to conduct themselves in a manner that ensures that the work environment is free from sexual harassment.

(4) Employees who believe they have been victims of sexual harassment have the responsibility of officially informing SES as set out in the Implementation Guidelines, on the following page.

(5) The President or his designee will conduct a fair and thorough investigation at the request of management or the employee.

Implementation Guidelines

(1) Employees who believe they have been the victims of sexual harassment may confront the alleged harasser requesting that the behavior cease immediately and should:

- a. Discuss the problem with their Supervisor or the Software Engineering Services, Inc. President. If the harasser is the employee's supervisor, the President of SES should be contacted
- b. Follow the procedures outlined in the Fair Treatment Implementation Guidelines, below.

203 FAIR TREATMENT

Policy:

SES will ensure fair and equitable treatment for employees.

Comment:

Fair Treatment Implementation Guidelines

(1) These guidelines establish a method for resolving employee work-related problems that cannot be settled otherwise. Work-related problems may include, but are not limited to, objections to the administration of certain Company rules, plans, policies, working conditions, or differences of opinion with other employees or supervisors.

(2) This procedure is not intended to replace the current informal process of discussing problems or complaints with the employee's supervisor, or co-worker. Employees are encouraged to settle problems informally. However, if satisfactory resolution is not reached, the following procedure should be initiated at the appropriate management level:

- a. First Step. Verbally present the problem to the immediate supervisor. Management considers the issues that are raised and verbally responds to the employee.

Supervisors are expected to be responsive to employee concerns, give fair and sincere consideration to issues raised, and assist in resolving question or concern in an equitable manner consistent with Company policy. It is Software Engineering Services belief that supervisors and employees can mutually resolve most questions or concerns.

- b. Second Step. If the employee is not satisfied with the supervisor's response, and wishes to pursue the problem, the employee may submit the problem in writing to the next level of management (President), and send a copy of the statement to the immediate supervisor. The President will investigate the problem, review the prior decisions, and respond in

writing to the employee with a copy to management. As an alternative to a written response, the President may hold verbal discussions with all parties involved.

(3) The use of these guidelines will not have an adverse impact on an employee's job standing, or opportunities for advancement.

204 OUTSIDE EMPLOYMENT

Policy:

SES will allow its employees to engage in outside work or hold other jobs, subject to certain restrictions as outlined below:

Comment:

(1) SES requires that employee's activities and conduct away from the job must not compete with, conflict with, compromise the Company's interests, or adversely affect job performance or the employee's ability to fulfill all responsibilities SES. This requirement, for example, prohibits employees from performing any services for customers on non-work time that are normally performed by SES personnel. This prohibition also extends to the unauthorized use of any SES tools or equipment and the unauthorized use or application of any confidential trade information or techniques. In addition, employees are not to solicit or conduct any outside business during paid working time.

(2) Full-time employees may be permitted, but are not encouraged, to engage in outside employment or other work activity. Employees must obtain prior approval (written) from management before any outside employment or other work activity is undertaken. Failure to do so will be cause for disciplinary action.

(3) Employees are cautioned to consider carefully the demands that additional work activity will create before requesting permission to seek or accept outside employment. Outside employment will not be considered an excuse for poor job performance, absenteeism, tardiness, leaving early, refusal to travel, or refusal to work overtime or different hours. If outside work activity does cause or contribute to job-related problems, such employment must be discontinued; and, if necessary, normal disciplinary procedures will be followed to deal with the specific problems.

(4) Employee requests for permission to accept outside employment, including self-employment, must be submitted in writing to the Resource Manager. The request should state any pertinent information about the outside employer, the nature of the job, and the hours of employment.

(5) The Resource Manager should be particularly concerned about outside work requests that:

(a) May reduce the employee's efficiency in working for SES

- (b) Involve working for an organization which is a competitor SES or which does a significant amount of business with SES
- (c) May adversely affect SES image in its markets

(6) Employees who have accepted outside employment are not eligible for paid sick or personal absence when the absence is used to work on the outside job or is the result of an injury sustained on that job. Fraudulent use of sick or personal absences will be cause for disciplinary action.

205 CONFLICT OF INTEREST

Policy:

Prohibits its employees from engaging in any activity, practice, or act that conflicts with, or appears to conflict with, the interests of SES, its customers, or its vendors

Comment:

Since it is impossible to describe all of the situations that may cause or give the appearance of a conflict of interest, the prohibitions included in this policy are not intended to be exhaustive and only include some of the more clear-cut examples.

(1) Employees are expected to represent SES in a positive and ethical manner and have an obligation both to avoid conflicts of interest and to refer questions and concerns about potential conflicts to their supervisor or Resource Manager. Top management and employees who have contact with customers and vendors may be required to sign a special statement acknowledging their understanding of and adherence to this policy.

(2) Employees are not to engage in, directly or indirectly either on or off the job, any conduct which is disloyal, disruptive, competitive, or damaging to SES. Such prohibited activity also includes any illegal acts in restraint of trade.

(3) Employees are not to accept any employment relationship with any organization that does business with SES or is a competitor of SES. This prohibition on employment includes serving as an advisor or consultant to any such organization, unless that activity is conducted as a representative of SES.

(4) Employees must disclose any financial interest they or their immediate family have in any firm which does business with SES or which competes SES. SES may require divestiture of such interest if it deems the interest to be in conflict with its best interests.

(5) Employees and their immediate family are not to accept gifts, except those of nominal value, or any special discounts or loans from any person or firm doing, or seeking to do, business with Software Engineering Services, Inc..

(6) Employees are not to give, offer, or promise, directly or indirectly, anything of value to any representative of a customer, of a potential customer, or of a financial institution in

connection with any transaction or business that SES may have with such customer, potential customer, or financial institution.

(7) Employees are not to disclose any SES business information to anyone, either inside or outside the organization, who does not have a legitimate business need to know.

206 PERSONNEL RECORDS

Policy:

SES will maintain personnel records for applicants, employees, and past employees in order to document employment-related decisions, evaluate and assess policies, and comply with government record keeping and reporting requirements.

Comment:

(1) SES strives to balance its need to obtain, use, and retain employment information with each individual's right to privacy. To this end, SES attempts to restrict the personnel information maintained to that which is necessary for the conduct of its business or which is required by federal, state, or local law.

(2) The Resource Management Department oversees the record keeping for all personnel information and should specify how and what information is to be collected and how it is to be stored and secured. (For the need to maintain separate medical files, see **Medical Procedures**.) In addition, the Resource Management Department will develop procedures to have personnel records reviewed on a regular basis in order to help assure that the information remains relevant or is revised or deleted when appropriate.

(3) Employees have a responsibility to ensure their personnel records are up to date and should notify their supervisor of any changes in at least the following:

- (a) Name
- (b) Address
- (c) Telephone number

(4) The supervisor ensures that a Change of Status is completed and sent to the Resource Management Department whenever one of their employees has a change in status.

(5) In addition, employees should notify the Resource Management Department in writing of any changes in the following:

- (a) Marital status (for benefits and tax withholding purposes only);
- (b) Number of dependents;
- (c) Addresses and telephone numbers of dependents and spouse or former spouse (for insurance purpose only);
- (d) Beneficiary designations for any of the Company's insurance, disability, pension, and profit sharing plans; and

(e) Persons to be notified in case of emergency

(6) Employees who have a change in the number of dependents or marital status must complete a new Form W-4 for income tax withholding purposes within ten days of the change if the change results in a decrease in the number of dependents.

207 CONFIDENTIAL NATURE OF COMPANY AFFAIRS

Policy:

The business affairs of the Company including communications, particularly confidential information, represent proprietary assets that each employee has a continuing obligation to protect.

Comment:

(1) Information designated as confidential is to be discussed with no one outside the Company and only discussed within the organization on a "need to know" basis. In addition, employees have a responsibility to avoid unnecessary disclosure of non-confidential information about SES, its employees, its customers, and its vendors. This responsibility is not intended to impede normal business communications and relationships, but is intended to alert employees to their obligation to use discretion to safeguard internal SES affairs.

(2) Employees authorized to have access to confidential information may be required to sign special nondisclosure agreements and must treat the information as proprietary SES property for which they are personally responsible. Employees are prohibited from attempting to obtain confidential information for which they have not received access authorization. Employees violating this policy will be subject to discipline, up to and including termination, and may be subject to legal action.

(3) Department heads will identify information that should be classified as confidential and should then work closely with department managers and supervisors to develop procedures to secure and control the information. Once information has been designated as confidential, it should be clearly identified as such and properly secured. A list of employees authorized to have access to the information should be prepared, and all access should be logged.

(4) All media inquiries and other inquiries of a general nature should be referred to the Resource Manger, which will in turn contact the appropriate senior officer and all press releases, publications, or other official declarations must be approved in advance by the President. Inquiries seeking information concerning current or former employees should be referred to the Resource Management Department.

(5) Employees are not to discuss with the officers, directors, or employees of client companies or competing companies any topic which might give the impression of an illegal agreement in restraint of trade.

208 HIRING

Policy:

It is the policy of Software Engineering Services, Inc. to prohibit its employees from not discriminating in the hiring, or advancement of any employee based on race, color, marital status, handicapped status, religion, sex, age or national origin unless required by law or as a bona fide condition of employment.

Comment:

Potential employees must complete an Application for Employment, and meet all state and federal guidelines prior to being hired. The President of Software Engineering Services, Inc. or his designee as assigned will interview potential employees.

209 TRAINING AND DEVELOPMENT

Policy:

Software Engineering Services, Inc.'s objective is to evaluate and determine each employee's training and development needs. Software Engineering Services, Inc. will work with the employee to formulate a training and development plan to meet those needs. The on going development of each employee is a key objective of Software Engineering Services, Inc.

Comment:

See the Software Engineering Services, Inc. **Educational Assistance policy** section of this manual.

210 MEDICAL PROCEDURES

Policy:

It is the policy of Software Engineering, Inc. that applicants to whom a conditional offer of employment has been extended and current employees may be required to submit to medical tests or examinations whenever management feels such actions are necessary for the safe or efficient operation of the Company.

Comment:

(1) Successful applicants for employment may be required as a condition of employment to pass a medical examination to establish both their fitness to perform the jobs for which they have applied and their fitness to do so without endangering the health and safety of themselves or others. If management determines that an examination is appropriate to a particular position, all applicants for the job to whom a conditional offer of employment has been made are to be examined.

(2) Employees may be required to have a medical examination on other occasions when the examination is job-related and consistent with business necessity. Such occasions may arise when the employee is being considered for transfer or promotion, or when there is a question concerning the employee's ability to perform his duties or the job he is being considered for.

(3) Employees are encouraged, but not required, to have physical examinations periodically during their employment and to participate in wellness programs. If any officer or manager wishes to have annual physical examination, Software Engineering Services, Inc. will pay for the exam, routine tests, and blood work. However, the Company is not responsible for the payment of any follow-up testing or treatment as a result of the examination. Appointments for annual physicals for managers and officers are made through the Resource Management Department.

(4) Medical examinations required by Software Engineering Services, Inc. will be paid for by the Company and must be performed by a physician or licensed medical facility designated or approved by Software Engineering Services, Inc. Such examinations paid for by Software Engineering Services, Inc. are the property of Software Engineering Services, Inc. and are to be treated as confidential and held in separate medical files in the Resource Management Department.

(5) If an employee has an orthopedic back problem which requires a chair different from those routinely supplied by Software Engineering Services, Inc., a special chair may be obtained subject to the following requirements:

- (a) A statement must be obtained from the employee's physician familiar with the medical problem. It must state:
 - the nature of the problem
 - the date of the onset
 - the expected duration of the problem
 - the type of chair that is recommended
- (b) The Resource Manager must be contacted for approval and purchase of an appropriate chair.

(6) Software Engineering Services, Inc. reserves the right to require acceptable confirmation of the nature and extent of any illness or injury that requires an employee to be absent from scheduled work. Employees returning from a disability leave or an absence caused by health problems may be required to provide a doctor's certification of their ability to perform their regular work satisfactorily without endangering themselves or their fellow employees.

(7) Software Engineering Services, Inc. reserves the right to require a second medical opinion regarding an employee's absence because of illness or injury or regarding a doctor's certification of an employee's ability to return to work. Any such second opinion will be paid by Software Engineering Services, Inc. (See **Sick Leave Policy**).

(8) Software Engineering Services, Inc. insures employees against accidental injuries under the Worker's Compensation Act of the State of Nebraska. Employees are to report any work-connected illness or injury, regardless of the nature or severity, to the Resource Management Department for recording of the incident. Employees who must leave their work

station for medical attention should, whenever possible, notify their supervisor. The Resource Management Department, an injured employee's supervisor, or any member of management is authorized to have the employee transferred to an outside medical facility for treatment.

211 EMPLOYEE EVALUATION PROCEDURES

Policy:

It is the policy of Software Engineering Services, Inc. that all new and transferred employees are to be carefully monitored and evaluated for an initial introductory period on the job for at least three months. After satisfactory completion of the introductory evaluation, such employees should be evaluated at least annually thereafter as provided for in the Performance Appraisals policy.

Comment:

(1) Supervisors are to observe carefully the performance of each employee in a new job position. Where appropriate, weaknesses in performance, conduct, or attitude are to be brought to the employee's attention for correction.

(2) The Resource Management Department will provide supervisors with an Appraisal Form for use in preparing a written evaluation of the employee's job performance for their first three months on the new job. The evaluation is to include a recommendation as to whether the employee should continue in the position. Copies of the evaluation are to be forwarded to the department head and the Resource Management Department for inclusion in the employee's personnel file.

(3) Employees will be allowed to continue in their new positions if they are both given a satisfactory evaluation by the end of their initial three-month employment period and receive their supervisor's endorsement to continue in the job. Employees not receiving such satisfactory evaluation and endorsement may be given additional time to demonstrate their ability to do the job if the supervisor feels additional time is warranted in order to achieve acceptable job performance.

(4) Supervisors may recommend that a newly hired employee be terminated at any time. Such a recommendation for termination must be submitted in writing to the Resource Manager for review along with supporting documentation and should include an evaluation and a listing of actions taken to assist the employee. **Action to terminate must have the prior approval and involvement of the Resource Manager and President.**

(5) Transferred or promoted employees who are unable to perform satisfactorily in their new jobs may, at the discretion of management, be returned to their original jobs, if a vacancy exists, or may be terminated.

(6) At all times, employment with Software Engineering Services is considered to be "at-will," and the employer/employee relationship may be terminated at any time for any reason by either party.

212 HOURS OF WORK

Policy:

It is the policy of Software Engineering Services, Inc. to establish the time and duration of working hours as required by work load and production flow, customer service needs, and the efficient management of personnel resources.

Comment:

(1) Software Engineering Services, Inc.'s work week is Saturday through Friday, beginning and ending at midnight on Friday, and consists of 40 hours. Software Engineering Services, Inc. has voice mail, e-mail, and FAX available twenty-four hours a day seven days a week.

(2) The normal workdays are Monday through Friday and consist of 8 consecutive hours of work (8:00 a.m. - 5:00 p.m.) with an unpaid meal period of 1 hour. Rest or coffee breaks are considered as time worked. Software Engineering Services, Inc. offers non-exempt employees (those employees subject to the minimum wage and overtime provisions of the Fair Labor Standards Act) the option of variable hours. Most non-exempt employees choose a work schedule of 8 hours per day for five days, for a total workweek of 40 hours. The supervisor must approve the variable hours and will inform employees of their daily schedule of hours of work, including meal periods and rest or coffee breaks, and of any changes deemed necessary by Software Engineering Services, Inc.

(3) Although non-exempt employees may be offered the opportunity to schedule variable hours year around, they may be required to work standard hours due to department workload, vacations, illnesses, overtime, etc. The option to schedule variable hours may be taken away from an employee in case of poor attendance or job performance.

(4) Clients may schedule, with Software Engineering Services, Inc.'s approval, an employee to work extra hours (41 and up) when it is deemed necessary. Employees are not permitted to work extra hours without client and Software Engineering Services, Inc.'s prior approval. For non-exempt employees' overtime compensation, normally only those hours worked in excess of 40 during the standard workweek (Saturday - Friday) will be counted. Exempt employees are expected to work between **37.5 - 43.5** hours during a standard workweek, and are encouraged to work a minimum of 40 hours per standard week. **NOTE:** Working between 37.5 and 40 hours a week consistently will be considered abuse and may result in the use of vacation, sick time, etc. Exempt employees who work less than 37.5 hours may choose to take that time less than the 40 hours as per off duty time policy (e.g., vacation, sick time, time of without paid, etc. Off duty time must be taken in intervals of 2 hours.) Exempt employees who work an excess of 43.5 hours above (billable hours only) will **NOT** receive extra hour pay. Instead, extra hours above 43.5 hours will be tracked and included at bonus times and unassigned periods.

A non-exempt employee's half day off that was earned as a result of working variable hours is not cumulative and must be taken in the workweek in which it was earned.

(5) Employee attendance at lectures, meetings, and training programs during the employee's normal working hours will be considered hours of work if such attendance is requested or approved by management.

(6) Supervisors may, at their discretion, allow employees who are tardy or leave early to make up lost time. Make-up time will only be allowed if it is convenient for the supervisor and if it occurs in the same workweek. However, employees will not be allowed to make up lost time if there is no work the employee is qualified to do, or if there is not adequate supervision available.

(7) All employees are required to complete an individual time sheet showing the daily hours worked. Time sheets are to be completed at the close of each workday. The following points should be considered in filling out time sheets:

- (a) Employees are to record their starting time, time out for lunch, time in from lunch, quitting time, and total hours worked for each workday;
- (b) Non-exempt employees are not eligible for compensatory time off in lieu of extra hour compensation;
- (c) Employees are not permitted to sign in or start work before their normal starting time or to sign out or stop work after their normal quitting time without the prior approval of their supervisor;
- (d) Employees are required to take scheduled lunch or meal breaks. However, whenever necessary, the employee's supervisor can change the duration and time of lunch periods;
- (e) Employee time sheets are to be checked and signed by the supervisor involved. Un-worked time for which an employee is entitled to be paid (paid absences, paid holiday, or paid vacation time) should be entered by the supervisor on the time sheets. Authorized overtime (non-exempt) also should be identified by the supervisor;
- (f) Unapproved absences are not to be considered as hours worked for pay purposes. Supervisors are to inform employees if they will not be paid for certain hours of absence; and
- (g) The filling out of another employee's time sheet or the falsifying of any time sheet is prohibited and may be grounds for disciplinary action, including termination.

(8) Personnel employed in executive, administrative, professional, outside sales or certain computer related jobs are exempt from the provisions of the Fair Labor Standards Act. Such employees are not required to fill out hourly time sheets but must account for daily attendance. **In addition, exempt employees will not normally receive overtime/extra hour compensation, but may be eligible for compensatory time-off after working abnormally long hours.**

213 TEMPORARY AND PART-TIME EMPLOYEES

Policy:

It is the policy of Software Engineering Services, Inc. to supplement the regular work force with temporary or part-time employees when needed because of periods of peak work load, employee absences, or other situations as may be determined by management. Other flexible staffing classifications or arrangements may be added as needed.

Comment:

- (1) Any candidate for temporary or part-time employment must be at least 16 years old.
- (2) A temporary employee is an individual who is hired either part-time or full-time for a specified, limited period. A part-time employee is an individual who is hired for an indefinite period, but who works less than a normal workweek. Part-time employees' salary will be prorated on the number of hours they work.
- (3) If it is necessary to hire temporary or part-time personnel, the procedures contained in **Hiring** must be used.
- (4) Job sharing can be considered when the responsibilities of the position can be divided easily between two employees. Both employees may work up to a maximum of 45 hours a week combined. Employees will be paid an hourly rate based on the job grade of the shared job. If a full-time employee becomes a job sharer, the employee's monthly salary will be converted to an hourly rate. The status of a job sharing position is part-time, and part-time benefits apply.
- (5) Regular full-time employees who are given temporary transfers are not considered temporary employees unless, in fact, their job has been eliminated and only temporary employment is available
- (6) Eligibility of temporary and part-time employees for paid absences, vacations, and holidays is governed by policies contained in **Sick Leave, Vacations, and Holidays**. An employee whose status changes from full-time to part-time may use any days of paid vacation earned as a full time employee. An employee whose status changes from temporary or part-time to full-time will be considered as hired on the date of their original temporary or part-time employment for purposes of eligibility for paid absences, vacation and length of service. See **EMPLOYEE BENEFITS, Section 500**, for information concerning eligibility of temporary and part-time employees for other Software Engineering Services, Inc. benefits.

214 TERMINATION OF EMPLOYMENT

Policy:

It is the policy of Software Engineering Services, Inc. to terminate employment because of an employee's resignation, discharge, retirement or a permanent reduction in the work force. In the absence of a specific written agreement, employees are free to resign at any time and for

any reason, and Software Engineering Services, Inc. reserves the right to terminate employment for any reason.

Comment:

(1) A letter of resignation is expected at termination of employment. The letter should contain the following:

- date of letter of resignation,
- last day of actual work on the job,
- reason for termination of employment, and
- signature of the employee

Failure to give written notice may result in ineligibility for re-employment.

The following guidelines are suggested:

(a) Supervisory and managerial employees are requested to give at least three weeks' notice;

(b) All other employees are requested to give at least two weeks' notice.

(c) Employees who are absent from work for one or more consecutive days without giving proper notice to Software Engineering Services, Inc. will be considered as having voluntarily resigned.

(2) For policies and procedures governing discharge for disciplinary reasons, see **Disciplinary Procedure**.

(3) Employees whose employment is terminated for any reason will be paid for the balance of their current vacation leave.

(4) Supervisors must send notices of resignation or recommendations for termination to the Resource Manager for review. These notices or recommendations should be accompanied by any needed supporting documents such as performance appraisals or disciplinary reports. **All terminations must be approved in advance by the President.**

(5) The Resource Management Department or President normally will conduct an exit interview if the termination is voluntary no later than the employee's last working day, or earlier if a special effort is being made to persuade the employee to remain with Software Engineering Services, Inc. The individual conducting the interview should:

- (a) Attempt to determine the actual reason or reasons why the employee is leaving so that, where appropriate, action can be taken to correct any problems that come to light;
- (b) Explain any conversion or continuation of benefits under Software Engineering Services, Inc. group insurance plans and any other vested benefits available to the employee under Software Engineering Services, Inc. benefit plans;

- (c) Determine the employee's availability for future employment, if the supervisor's written evaluation recommends such employment;
- (d) Remind the employee to remove any personal belongings; and
- (e) Discuss the employee's continuing duty not to disclose confidential information and the terms of any agreement not to compete.

(6) The Resource Management Department should prepare a written report of the exit interview to be placed in the employee's personnel file. Pertinent items requiring managerial review and possible change of policy should be brought to the attention of the Resource Manager.

(7) Final pay for wages for terminating employees will be processed during the regularly scheduled payroll cycle and mailed to their home address. Accrued and unused current vacation will be paid after that during the next payroll cycle. The Resource Management Department also will be responsible for securing the return by terminating employees of all Software Engineering Services, Inc. property in their possessions, such as Software Engineering Services, Inc.'s identification card, keys, credit cards, building access card, parking permit, and policy manual. If any Software Engineering Services, Inc. property in the employee's possession has been lost or damaged, the cost of replacing such property may be deducted from the employee's final paycheck.

(8) Termination and discharge procedures are only guidelines and do not constitute a legal contract between Software Engineering Services, Inc. and its employees. Software Engineering Services, Inc. reserves the right to implement its policies and procedures as it sees fit. In addition, specified grounds for termination are not all-inclusive since Software Engineering Services maintains the right to terminate employment for any reason.

215 SAFETY

Policy:

It is the policy of Software Engineering Services, Inc. as a contract provider to conduct the majority of its services on the premises of its clients. It is the policy of Software Engineering Services, Inc. to recognize, adopt and cooperate with the client's safety policies while working at the client's site and or on the client's properties. Software Engineering Services, Inc.'s employees are entitled to work in a safe, healthy work environment which reduces accidents, prevents occupational injuries and illnesses, and prevents damage to property and personal injuries or property losses. Software Engineering Services, Inc.'s employees are expected to aid and assist in maintaining such work environment. Any unsafe work environment should be reported immediately to the Client and to the Resource Manager/President of Software Engineering Services, Inc. This responsibility lies with every employee of Software Engineering Services, Inc., and every employee will be held accountable. In addition to this policy statement, Software Engineering maintains a Safety Handbook that specifies our safety procedures.

Comment:

No employee shall be placed in an unsafe environment or situation, or asked to perform a task that by its very nature may be unsafe.

Each individual employee is responsible for:

- Observing specifications, standards and procedures applicable to assigned work.
- Reporting work related injuries, illnesses and unsafe conditions to supervisors at the earliest practical time.
- Performing assigned work safely. That is not willfully taking short cuts or omitting established safety procedures designed to prevent injuries and property losses.
- Wearing seat belts while operating or riding in Software Engineering Services, Inc.'s vehicles or while on Software Engineering Services, Inc. business in personal, rented or other vehicles.
- Abstaining from use of illegal drugs and controlled substances while on duty as well as having no illicit drugs or alcohol present in the body while on duty.
- Reporting for duty each workday able to perform assigned job duties in a safe and productive manner.
- Notifying the immediate supervisor or President if taking any medication that could affect job performance.

Employees who violate safety rules and procedures will be subject to disciplinary actions.

216 REQUIREMENTS FOR EMPLOYMENT

Policy:

It is Software Engineering Services, Inc.'s policy to require a prospective employee to provide the following in consideration of employment:

- Name,
- Address, and
- Telephone numbers of three non-relative references and permission to contact them.

Comment:

The potential employee must not have been convicted of, confessed to, and there must be substantial evidence of not having committed a crime or crimes involving intentional bodily harm, crimes against children, crimes involving the illegal use of a controlled substance, or crimes involving moral turpitude.

217 JOB PERFORMANCE

Policy:

It is the policy of Software Engineering Services, Inc. to expect an employee whose performance is determined to be unsatisfactory or poor by his/her supervisor (Resource Manager) to bring the performance to a fully satisfactory level within a reasonable amount of time. The employee will be notified of the areas of performance determined by management needing improvement, what the employee needs to do to reach a fully satisfactory level of performance, and the time frame during which the improvement must occur. Failure to bring performance to a fully satisfactory level may be cause for termination or demotion.

Comment:

If the Company reasonably suspects that an employee's poor or unsatisfactory job performance is being caused by or is related to a dependency on drugs or alcohol, the employee may be requested to seek assistance from a dependency evaluation service, before being allowed to return to work.

In situations where there is reasonable suspicion based on job performance that an employee has illegal drugs, controlled substances, or alcohol in his/her body on the job, the employee may be subjected to disciplinary measures outlined above and may be required to be tested at the employee's expense to determine or document the presence or absence of such drugs or alcohol. Refusal by the employee to cooperate by undergoing testing procedures may result in termination.

218 EXIT INTERVIEWS

Policy:

It is the policy of Software Engineering Services, Inc. that it is concerned for its employees and with improving working conditions.

Comment:

Upon termination, you may be asked or you may request an exit interview. All interviews are treated confidentially and will not result in any retaliatory actions against the employee.

300 PAY PRACTICES

301 PERFORMANCE APPRAISALS

Policy:

It is the policy of Software Engineering Services, Inc. that the job performance of each employee should be evaluated periodically by the employee's supervisor (Resource Manager). All new employees will be placed on six months probation and evaluated at three months, and again on their sixth month anniversary, to determine if continued employment is the best interest of Software Engineering Services, Inc. and the employee. Subsequent evaluations will take place on an annual basis, or on a more frequent basis at the discretion of the President.

The primary purpose of the evaluation process is employee development. The information compiled in the evaluation process will also be used for merit increases, bonuses, incentives, promotions, training, career planning and disciplinary action.

The immediate supervisor (Resource Manager) is responsible for the administration of this policy. The President is responsible for reviewing and approving the formal evaluation.

Comment:

(1). The performance review process is intended to provide employees a clear understanding of job performance compared to job expectations. Job expectations are those duties which can reasonably be required of the employee when considering the job to be done, the workload on the job, previous work experience, time on the job and the mutual understanding which exists between management and the employee.

(2). Ongoing informal communication between the employee and management concerning job performance is part of the overall performance review process. Informal communications about job performance should be documented by management. This documentation is a valuable aid in completing a formal performance evaluation.

(3). Management and the employee will sign the performance evaluation. A signature does not necessarily mean agreement with the contents but that the employee has read the appraisal. Comments may be added to the evaluation by the employee and management.

302 SEVERANCE PAY

Policy:

It is the policy of Software Engineering Services, Inc. that severance pay may be granted to terminated employees under certain limited circumstances. Software Engineering Services, Inc. will establish the terms and conditions for severance pay in writing and communicate these terms and conditions to employees. However, Software Engineering Services, Inc. retains the right to amend or terminate its severance pay plan from time to time at its sole discretion.

Comment:

- (1) The primary purpose of severance pay is to provide economic help to certain terminated employees while they seek other employment.
- (2) The Resource Management Department is responsible for administering Software Engineering Services, Inc.'s policy on severance pay and will handle any employee claims or complaints.
- (3) Employees will normally only be considered eligible for severance pay if they have worked full-time for at least a year and are permanently terminated because of:
 - (a) A permanent reduction in force (unless the employee refuses a transfer deemed suitable by Software Engineering Services, Inc.);
 - (b) The elimination of the job or position;
 - (c) A demonstrated insufficient aptitude for continued employment by Software Engineering Services, Inc., not attributable to any willful cause or lack of effort; or
 - (d) Voluntary acceptance of a Software Engineering Services, Inc.-initiated early retirement program.
- (4) Employees will not normally be considered eligible for severance pay if their employment is terminated because of:
 - (a) An employee-initiated voluntary resignation;
 - (b) Misconduct and for discharge;
 - (c) A breach of an employment agreement; or
 - (d) A normal retirement, employee-initiated early retirement, permanent disability, or death.
- (5) Eligible employees may be required to sign a release agreement in order to receive severance pay. If a release is required, an employee's refusal to sign it will result in a reduction or complete denial of severance pay.

303 PAY PROCEDURES

Policy:

It is the policy of Software Engineering Services, Inc. to pay employees by check on a regular basis and in a manner so that the amount, method, and timing of such payments comply with any applicable laws or regulations.

Comment:

- (1) Employees are normally paid every other Friday. If the regular payday occurs on a holiday, employees will be paid on the last working day prior to the weekend or holiday.

(2) An employee's check will be handed out by the Resource Manager or his designated representative. Checks will be mailed upon request from employees. It is important for employees to contact the Resource Management Department to update their W-4's (e.g., to change exemptions or address). Failure to do so could result in a delay in the mailing of W-2 at year-end. Each employee will receive a check stub showing gross pay, deductions and net pay. Local, state, federal, and Social Security taxes will be deducted automatically. No other deductions will be made unless required or allowed by law, contract, or employee obligation. Employees may elect to have additional voluntary deductions taken from their pay only if they authorize the deductions in writing.

(3) For policies and procedures governing pay upon termination, see **Termination of Employment**.

(4) Salary advances are not permitted because the Company feels such advances are usually not in the best long-range interest of the employee.

(5) Non-exempt employees (i.e., those not exempt from the provisions of the Fair Labor Standards Act) will normally be paid for actual hours worked..

(6) For policies and procedures governing holiday pay, see **Holidays**.

(7) Employees who are salaried are paid current on base wages. If an employee starts in the middle of a pay period, the employee will receive one week of pay based upon a salary hourly rate.

(8) Employees who discover a mistake in their pay check, lose their pay check, or have it stolen should notify the Resource Management Department immediately. In the case of a mistake, the error will be remedied promptly. In the case of loss or theft, the Resource Management Department will attempt to stop payment on the check and reissue a new one to the employee. However, the employee is solely responsible for the monetary loss and Software Engineering Services, Inc. cannot be responsible for the loss or theft of a check if it cannot stop payment on the check.

(9) All pay changes will take effect either on the next period or the one that follows.

(10) To allow for calculation and preparation of Software Engineering Services, Inc.'s payroll, the Resource Management Department has established scheduled cutoff dates. If payroll additions and subtractions are not received by the cutoff date, extra hour payments, salary increases, or salary deductions will not occur until the following payday. Employees will, of course, receive their regular salary.

(11) Software Engineering Services, Inc. contracts with a payroll vendor (Accurate Accounting Service (AAS)) whose responsibilities include preparing the Company's paychecks and all wage tax filings. AAS will be responsible for any errors that occur in federal, state, and local tax wage filings as long as the paycheck was prepared on their automated system. In order to lessen the extra administrative burden and possible liability of Software Engineering Services,

Inc., the Resource Management Department will not be permitted to prepare manual payroll or bonus checks except in the most extreme circumstances. Authorization to prepare a manual paycheck must be obtained from the President.

(12) If a bonus is to be awarded, and the supervisor informs the Resource Management Department by the regular payroll due date, the bonus will be included in the employee's next upcoming paycheck. A good way of awarding a bonus is to prepare a special certificate or a card showing the amount of the bonus, then let the employee know it will be included on their next paycheck. If separate bonus checks are to be issued, the Resource Management Department must be notified three days prior to the issuance of such. All federal and state income taxes will be deducted from any bonus check exceeding \$25.00.

(13) The Company makes every effort to process paychecks as described above. However, the remote possibility could occur that a sudden situation (e.g., computer failure) could result in a check arriving late. If Software Engineering Services, Inc. is alerted to this possibility, the Company will notify all employees as soon as possible.

400 REIMBURSEMENT OF EMPLOYEE EXPENSES

401 TRAVEL

Policy:

This policy document establishes common business and travel expense guidelines for Software Engineering Services, Inc.'s employees in the continental United States, and will be implemented as issued.

Comment:

In general, incurring business and travel related expenses should be governed by what is reasonable and appropriate to the business purpose involved. The employee must exercise common sense and sound judgment in order to support the Company's objective of remaining a "**low cost provider**" of software services. Traveling employees, to that end, are to consolidate purchasing whenever possible to decrease overall expenses. *Employees should seek value through the "BEST COST" (least expensive, yet most reasonable or appropriate) alternatives.*

Section Summaries

(1) Advance Planning: To effect the utmost in cost savings, travel reservations must be made as far in advance as possible. Cancellations prior to travel often result in little or no penalty. Travel advances will be issued only under certain emergency circumstances. All travel arrangements should be pre-approved by Resource Manager.

- Employees are strongly encouraged to use credit cards when traveling on Company business. Temporary travel advances will be issued only if the total cash expenses for the trip are expected to exceed \$200. A Travel Advance Check request must be approved in advance by the Resource Manager. The request must be submitted to the Resource Manager at least three (3) business days prior to the date required for processing.
- Additional cash advances will not be issued to an employee whose repayment of a previous advance is outstanding.

(2) Air Travel: Employees are to travel Coach Class on all domestic flights and on international flight segments scheduled less than five hours. Business Class may be used on international flight segments scheduled five hours or longer with approval.

- In certain instances, the Company will reimburse expenses to an employee for a weekend stay, if the total expenses incurred are lower than had the weekend stay not taken place. Prior written approval should be obtained from the Resource Manager. Related hotel, meal, and ground transportation expenses will be reimbursable.
- Airline tickets are to be issued ONLY in the name of the employee actually traveling with the ticket. Substitution of names for any cause is prohibited for the following reasons:

- Most importantly, in the event of an airline accident, significant problems would be encountered in the identification of accident victims and notification of next of kin.
- A serious question would be raised regarding the ability of a deceased's estate to collect on any insurance otherwise to be awarded.
- Disallowance of an insurance claim of this type by a deceased's estate could leave Software Engineering Services, Inc. in a position of significant liability.

(3) Ground Transportation: The cost of taxi or bus fares to and from places of business, hotels, airports, or railroad stations in connection with business activities is reimbursable. If available and practical, public transportation or courtesy vehicles are encouraged. Taxis should be used in lieu of rental car or limousine services when daily cost will be less. Rental car usage must be based on business necessity and suitability compared to other modes of transportation. When traveling within the continental United States, always accept any insurance offered; traveling outside the continental United States, always accept any insurance offered.

- Refuel rental cars before returning them. Only in the most extreme circumstances should the traveler incur rental agency refueling charges.
- Software Engineering Services, Inc. will reimburse an employee for the cost of a mid-size rental car, unless traveling in a group of four (4) or more employees/business associates. In order to be reimbursed, any employee who rents a car above the maximum rate for a mid-size must document on the expense report the reason(s) for renting a more expensive car and the names of any additional passengers traveling with the employee.
- Personal vehicles may be used when other transportation is unavailable or when savings can be realized. Reimbursement is at the current IRS mileage rate or Software Engineering Services, Inc.'s approved rate. Parking and tolls will also be allowed.

(4) Vehicle damage is not reimbursable. This expense is already accounted for in the mileage reimbursement rate.

- Accidents and or incidents experienced while conducting Company business (whether in a rental or personal vehicle) must be reported to the President as soon as possible.

(5) Lodging: Hotel/motel rooms for planned overnight stays are to be reserved (and canceled, when necessary) so that negotiated rates may apply. Travelers will be reimbursed for *actual costs* of standard rooms at single occupancy rates. Larger than standard rooms are allowable if necessary for business meetings. Suites and luxury accommodations are otherwise not authorized. Employees will be reimbursed at the single occupancy rate even when double occupancy charges are incurred for any reason (such as travel accompanied by a family member).

- Rooms should be guaranteed for late arrival, using a credit card. The employee should avoid "no-show" charges by canceling reservations as early as possible; he or she remains responsible for justified "no show" charges, unless a situation beyond his or her control is shown on the expense report. When an employee avoids the expense of lodging or meals by staying with a friend or relative, a limited gift to the host will be reimbursable.

(6) Meals: Travelers will be reimbursed for actual reasonable and appropriate meal expenses (breakfast, lunch, dinner). Receipts (preferably credit card receipts) are required for all meals \$5 or greater (all receipts are required for billing purposes).

(7) Expense Reporting: Each employee must itemize business expenses on the applicable expense report form, attach required receipts, and submit the completed form within 30 days of the date expenses were incurred. All single travel-related expenses \$5 or greater require receipts, preferably original credit card receipts. Whenever possible, expense reports should be consolidated to cover at least two weeks or at least \$250 in expenses.

- Rental Car receipts must be attached to the expense report.
- Out of town lodging expenses must be supported by an original, dated-hotel receipt, regardless of cost. The expense report must show an itemization of location, date(s), and separate amounts for lodging (including room taxes), meals, phone calls, parking, entertainment, etc. In the event of a lost original receipt, a photocopy may be substituted.
- Meals for the convenience of the Company as a result of overtime will be reimbursed on a case-by-case basis.

402 BUSINESS ENTERTAINING

Policy:

It is the policy of Software Engineering Services, Inc. to authorize certain employees to engage in business entertaining on behalf of Software Engineering Services, Inc. and to pay for or reimburse such expenses according to the guidelines below.

Comment:

(1) Entertainment expenses will be reimbursable only if directly related to the active conduct of business and if they include, before, during, or after, a substantial and bona fide business discussion.

(2) Reimbursable incidentals include, but are not limited to, telephone calls necessitated by travel; business support services/supplies needed during travel; laundry/cleaning services under certain circumstances; and reasonable and customary tips for taxis, meals, valet, etc.

403 NON-ALLOWABLE BUSINESS/ENTERTAINMENT EXPENSES

Policy:

It is the policy of Software Engineering Services, Inc. to not authorize certain employees to engage in business entertaining on behalf of Software Engineering Services and to not reimburse for non-allowable expenses according to the guidelines below.

Comment:

Specific expenses considered personal in nature are not reimbursable, including personal travel insurance; most spouse or companion expenses; personal services and items; personal entertainment; personal vehicle repair/maintenance; traffic fines and court costs; most club memberships and association expenses; unauthorized travel/gifts/donations; and the value of lost or stolen property.

404 MISCELLANEOUS EXPENSES

Policy:

It is the policy of Software Engineering Services, Inc. that acceptance of gifts from existing or prospective business associates is discouraged. Business gifts to any one person are limited to \$25 per year.

Comment:

(1) There is a \$25 per year ceiling on reimbursement for business gifts to any one person. Only under special circumstances will any amount in excess of \$25 be allowed. When reporting gifts, the employee must document:

- a. Recipient's name;
- b. Recipient's title or other designation sufficient to establish the business relationship;
- c. Proof of cost of the business gift;
- d. Description of the gift;
- e. Reason for the gift, including the nature of business benefit derived or expected.

(2) Expenses related to participation in and travel to special events (golf tournaments and civic events) and educational programs may be reimbursable, based on the benefit to the Company> Pre-approval is required and advance payment by corporate check is generally necessary.

405 PARTICIPATION IN PROFESSIONAL ASSOCIATIONS

Policy:

It is the policy of Software Engineering Services, Inc. to encourage employees to participate in certain professional associations.

Comment:

(1) Employees are encouraged to participate in professional associations that promote Software Engineering Services, Inc.'s goals, individual skills development, and/or professional recognition. However, employee participation in such associations must not conflict with Software Engineering Services, Inc.'s interests.

(2) Software Engineering Services, Inc. may identify certain professional associations (AMI, PMI, etc.) in which it wants to be represented and then designate the employees that it will sponsor for membership in such associations. Employees so designated will represent Software Engineering Services, Inc. in the organization and will be expected to participate actively and promote Software Engineering Services, Inc.'s interests.

(3) Software Engineering Services, Inc. will normally consider the following factors in selecting associations for representation and in designating employees to be sponsored for membership:

- (a) The nature and purpose of the association;
- (b) The benefit to be derived by Software Engineering Services, Inc.'s support and from employee participation;
- (c) The cost to Software Engineering Services, Inc.;
- (d) The extent to which Software Engineering Services, Inc. is already represented in the association; and
- (e) The employee's job responsibilities, length of service, and overall qualifications for membership.

(4) Software Engineering Services, Inc. will on a periodic basis review its representation in and support of professional associations and its sponsorship of employees for membership and will make changes whenever it deems appropriate.

(5) Employee participation in professional association activities will not be considered as hours worked for pay purposes unless it is at Software Engineering Inc.'s request or under its direction and control.

(6) The Resource Management Department is responsible for planning, budgeting, and approving the expenses of employee's participation in association activities. Software Engineering Services, Inc. will pay or reimburse the approved and reasonable expenses of employees sponsored for membership in professional associations. Employees not sponsored for association membership are eligible for reimbursement of individual activity expenses if participation in the activity is approved in advance by the Resource Manager.

(7) Employees must have advance approval from the Resource Manager before seeking or accepting any official position in a professional association. If approval is granted, the Resource Manager will determine the degree to which the employee is eligible for compensation for working time lost and for reimbursement of expenses incurred in performing official duties.

(8) Employees are encouraged to contribute articles, present papers, and give talks to professional associations. However, employees must obtain the prior approval the Resource Manager for any communication that might be considered as representing Software Engineering Services, Inc.'s position on any subject or involving any confidential information.

500 EMPLOYEE BENEFITS

501 DISCLOSURE OF BENEFITS

Policy:

It is the policy of Software Engineering Services, Inc. to provide its employees with various health and retirement benefits. Information and summary communications intended to explain these benefit plans will be furnished to all plan participants on a timely and continuing basis. Software Engineering Services, Inc. reserves the right to modify, amend, or terminate its health and retirement benefits as they apply to all current, former, and retired employees. The Administrator of each retirement and health benefit plan has the discretionary authority to determine eligibility for benefits and to construe the plan's terms.

Because these policies are summaries only, there will be other documents containing more complete rules and requirements to which you will need to refer from time to time. This especially applies in the case of certain benefits, which are governed by insurance policies or other written benefit plans. Employees **are not** to rely exclusively on the personnel policies contained herein with respect to any specific benefit, especially benefits which are provided through outside insurance. All benefit descriptions in these policies are subject to an employee meeting whatever eligibility requirements, qualifications, and conditions are set forth in the insurance policy or benefit plan itself, and it is the employee's responsibility to understand those provisions.

Comment:

(1) All benefits provided by Software Engineering Services, Inc. are described in official documents which are kept on file in the Resource Management Department. These documents are available for examination by any plan participant or beneficiary. In addition, they are the only official documents concerning Software Engineering Services, Inc.'s health and retirement benefits. All summaries and communications, both written and verbal, must refer to them in cases of questions or disputes.

(2) The Resource Manager serves as Administrator of Software Engineering Services, Inc.'s health and retirement plans. The Administrator is responsible for all communications and disclosures concerning Company benefits and for compliance with applicable laws and regulations. In addition, the Administrator or Benefits Coordinator are available to answer employee questions concerning benefits and to counsel new employees, employees as they achieve eligibility, retiring employees, and non-employee beneficiaries as to specific benefit coverage and required forms and designations.

(3) Under certain Software Engineering Service, Inc.'s health and retirement plans, each employee must designate a beneficiary for the employee's death benefits. Such designation must be made in writing and in a form acceptable to the Administrator. Under certain retirement plans for Software Engineering Services, Inc., a married employee's spouse may be automatically designated the employee's beneficiary and may also be entitled to survivor benefits. Employees may elect to waive such survivor benefits and change a beneficiary designation by giving the

Administrator appropriate written notice. However, it will generally be necessary for a married employee to obtain spousal consent to such waiver or change in beneficiary designation. It is the employee's responsibility to maintain the proper beneficiary designations.

(4) In general, the Administrator is to furnish the following information to each participant in a health or retirement plan:

- (a) A summary description of the plan within 90 days after the individual becomes a participant;
- (b) A summary description of any material modification of the plan within 210 days after the end of the plan year in which the modification is adopted; and
- (c) A summary of the latest annual report of the plan within nine months after the close of the plan year.

(5) If the plan participants or beneficiaries make a written request for information concerning the Company's benefits plans, the Administrator will provide them with complete copies of the latest updated summary plan description; the latest annual report; any terminal report; and any contract or other instrument under which the plan is established or operated.

(6) The Administrator will provide each participant in a retirement plan a statement setting forth the nature, amount, and form of the deferred vested benefit to which the participant is entitled when during the plan year the participant:

- (a) Separates from the service covered by the plan;
- (b) Is entitled to a deferred vested benefit under the plan as of the end of such plan year.

In addition, such statement is to include a notice that certain benefits may be forfeited if the participant dies before reaching a specified date contained in the plan.

(7) If a pension plan recipient is eligible for tax rollover treatment of a distribution, the Administrator is to notify the recipient that:

- (a) The distribution will not be taxed currently to the extent it is transferred to another qualified plan or to an Individual Retirement Account (IRA); and
- (b) The transfer must be made within 60 days in order to qualify for such rollover treatment.

(8) The Administrator will provide any participant or beneficiary whose claim for benefits under an employee benefit plan has been wholly or partially denied, within a reasonable period of time, a written notice containing the reason for the denial, specific reference to plan provisions on which the denial is based, and appropriate information as to the steps to be taken if the participant or beneficiary wishes to submit the claim for review. If a review of the denial is requested, the Administrator is to review the denial of the claim and promptly furnish the decision to the claimant.

(9) Employees, spouses, and dependents covered by the Company's health benefits plan are to be notified, when appropriate, that they have the opportunity to acquire continuing health protection in certain specified situations including layoff, termination or reduction in hours of employment, and separation or divorce.

502 HEALTH PLAN

Policy:

It is the policy of Software Engineering Services, Inc. to offer group health insurance to its employees and their families.

Comment:

(1) Software Engineering Services, Inc. offers assisted medical coverage for its employees and their families on the first day of employment (full time). Eligible dependents are employee's spouse and children under age 22 or under age 26, if a full-time student. Part-time employees and temporary employees are not eligible for health coverage.

(2) For specific details about Software Engineering Services Inc.'s health coverage, see the plan booklet or Administrator.

503 DENTAL PLAN

Policy:

It is the policy of Software Engineering Services, Inc. to offer group dental insurance to its employees and their families.

Comment:

(1) Software Engineering Services, Inc. offers dental coverage for its employee and employee's family on the first day of employment (full time). Eligible dependents are employee's spouse, and children under age 22 or under age 26, if a full-time student. Part-time employees and temporary employees are not eligible for dental coverage.

(2) See the plan booklet for specific details about Software Engineering Services Inc.'s dental coverage.

504 LIFE INSURANCE

Policy:

It is the policy of Software Engineering Services to offer life insurance to its employees and their families.

Comment:

(1) Software Engineering Services, Inc. provides a life insurance benefit equal to \$50,000 to help employee's family through a period of financial adjustment in the event of employee's death.

(2) Employees should check with the Benefits Coordinator in Resource Management to make certain that beneficiary designations are correct and up-to-date.

505 RETIREMENT

Policy:

It is the policy of Software Engineering Services, Inc. to provide retirement benefit for full-time and part-time employees in accordance with the guidelines established below.

Comment:

SES has established a Salary Reduction Simplified Employee Pension account with a local brokerage firm. The employee is encouraged to make tax free contributions to this account. SES may elect to contribute profit sharing funds to employee accounts on annual basis.

506 VACATIONS

Policy:

It is the policy of Software Engineering Services, Inc. to grant annual vacations with pay to full-time and part-time employees in accordance with the guidelines established below.

Comment:

(1) The established vacation year for each employee is anniversary to anniversary. Vacation days are earned at the end of schedule shown below, i.e., an employee earns 5 days vacation after 6 months continuous employment, 10 days after 12 months continuous employment. **NOTE: Must be with company 6 months (continuously) before vacation can be taken.**

Vacation may be taken during the period in which it is scheduled to be earned. An employee who is terminated for any reason is responsible for reimbursing Software Engineering Services, Inc. for any unearned vacation taken and will have his or her final check adjusted for such unearned and taken vacation.

(2) Full time employees are granted paid vacation based on the following schedule.

<u>Continuous Service</u>	<u>Days Accrued</u>
0 - 3 months	0
3-6 months	5 (prorated)
12 months, but less than 5 years	10
5 years, but less than 10 years	15
11 years and over	20

(3) Part-time employees are entitled to paid vacation after one year of continuous employment. Vacation is earned according to the following schedule:

<u>Continuous service</u>	<u>Days Accrued</u>
1st to 4th year (1000 hours per year)	5
5th to 14th year (1000 hours per year)	10
15th to 24th year (1000 hours per year)	15
25th year & thereafter (1000 hours per year)	20

(4) Temporary employees are not eligible for vacation.

(5) Employees who feel there is a discrepancy in the calculation of their vacation pay or eligibility may request a review of that calculation by the Resource Manager.

(6) Vacation pay for full-time and part-time employees will consist of the employee's regular rate of pay for the vacation period and will not be considered as working time for calculation weekly extra hours compensation. Total hours for vacation pay and actual time worked is not to exceed 8 hours in any one work day.

(7) Resource Manager reserved the right to designate when some or all vacations must be taken. Employees are encouraged to have their vacation approved as far in advance as possible, on a first come basis.

(8) Employees who are entitled to a vacation of two weeks or less may take their full vacation at one time with the prior approval of the Resource Manager and the client. Those who are entitled to a vacation of more than two weeks normally may only take a maximum of two weeks consecutively, with the balance to be taken separately as full weeks or as individual days.

(9) Employees may receive up to two weeks vacation pay in lieu of time off when work prohibited employee from taking vacation prior to the end of year. Vacations are not cumulative and normally must be taken in the anniversary year immediately following the year in which they are earned. Employees will not be paid for any unused vacation remaining at the end of their anniversary, except as noted above, or may elect with Resource Manager approval to carry up to **ten (10) days** of vacation forward to the next year. However, if an employee is requested by Software Engineering Services, Inc. to cancel vacation plans and the vacation cannot be rescheduled before the end of the anniversary year, the employee will be permitted to take the vacation in the following anniversary year, along with any additional vacation earned for that following anniversary. When Software Engineering Services requests an approved vacation change and the employee has made nonrefundable travel deposits, Software Engineering will reimburse the employee for those costs, upon submission of appropriate documentation.

(10) Employees whose employment is terminated for any reason will receive vacation pay for any accrued and unused current vacation. Vacation will be paid after final pay for

wages. If an employee dies, pay for accrued and unused vacation will be paid in a lump sum to the employee's estate.

(11) If a paid holiday falls within an employee's vacation period, an additional day of vacation will be granted. This additional day may be taken at the beginning or end of the employee's vacation period or at another time during the vacation year, so long as the Resource Manager's prior approval is obtained. No allowance will be made for sickness or other compensatory type of absence occurring during a scheduled vacation.

507 HOLIDAYS

Policy:

It is the policy of Software Engineering Services, Inc. to designate and observe certain days each year as holidays. Eligible employees will be given a day off with pay for each holiday observed. Eligible employees are full-time employees as of December 31, of the preceding year.

Comment:

(1) Each year, certain days are designated as holidays. The Company observes a total of eight holidays. Each year's holiday schedule will be distributed. All holidays must be taken during the year in which they occur (holidays can not be carried forward into the next year). Holidays to be observed by Software Engineering Services, Inc. during each calendar year are as follows:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Day after Thanksgiving (Friday) – Floating Day (Most Clients off this day)
- Christmas Day
- Floating Day (1) - [within a calendar year-prorated] (Effective June 1st of year of present employment).

(2) Employees on unpaid leaves of absence are not eligible to receive holiday pay. Full-time employees are eligible to receive their regular rate of pay for each observed holiday. Part-time employees are not eligible to receive holiday pay.

(3) Normally, to receive holiday pay, an eligible employee must be at work, or on authorized vacation leave, on the work days immediately preceding and immediately following the actual and/or observed holiday.

(4) A holiday that occurs on a Saturday will be observed on the preceding Friday. A holiday that occurs on a Sunday will be observed on the following Monday.

(5) If a holiday occurs during an employee's vacation period, the employee will be given an additional day of paid vacation. The additional day may be taken at the beginning or end of

the employee's vacation period, or as a "floating" holiday at another time during the year, so long as the Resource Manager prior approval is obtained. Unless an employee is at work, the maximum amount of hours that an employee will be paid for a holiday is 8.00. Employees are not permitted to receive holiday pay and in addition take 8.00 hours of vacation.

(6) Software Engineering Services, Inc. recognizes that some employees may wish to observe, as periods of worship or commemoration, certain days which are not included in Software Engineering Services, Inc.'s holiday schedule. Accordingly, employees may be permitted to take such time if the employee's absence from work will not result in an undue hardship on the conduct of Software Engineering Services, Inc.'s business and if prior approval has been obtained from the Resource Manager. Employees may use vacation leave on such occasions or they may take such time off as an unpaid, excused absence.

(7) Holiday pay is not to exceed 8.00 hours and will consist of employee's regular rate of pay and will be considered as working time for calculating weekly extra hour compensation.

(8) Software Engineering Services, Inc. reserves the right to schedule work on an observed or actual holiday. However, an employee must be at work, or on authorized vacation leave, on the work days immediately preceding and immediately following the actual and/or observed holiday. Employees may be given the option of receiving their holiday pay or a "floating" holiday to be taken with the prior approval of the Resource Manager, at another time during the year.

508 EDUCATIONAL ASSISTANCE

Policy:

It is the policy of Software Engineering Services, Inc. to provide educational assistance to its employees in accordance with the guidelines established below.

Comment:

(1) Employees must be on a regular full-time status and have at least six months of continuous service to be eligible for educational assistance.

(2) Eligible employees may be reimbursed only for up to four courses of study per year (maximum of \$800) which Software Engineering Services, Inc. determines are directly related to the employee's present job or which will enhance the employee's potential for advancement to a position within Software Engineering Services, Inc. and to which the individual has a reasonable expectation of advancing. In addition, courses or programs to be eligible for reimbursement must be offered by accredited institutions of learning.

(3) Employees who want educational assistance must have the prior approval of the President of Software Engineering Services, Inc. before enrollment.

(4) The Resource Manager will normally consider the following factors in evaluating requests for educational assistance:

- (a) The nature and purpose of the course of study;
- (b) The benefits to be derived by the employee and Software Engineering Services, Inc.;
- (c) The employee's level of responsibility and length of service;
- (d) The estimated cost; and
- (e) Any potential lost time or productivity while the employee attends the program.

(5) Employee reimbursement for eligible educational assistance will be 50% of the employee's cost for reimbursable expenses (tuition and textbooks). Proof of satisfactory completion of a class, or course is required for reimbursement. No reimbursement will be made for a grade lower than "C". **Employees receiving reimbursement from any outside sources, such as the Veterans Administration or scholarships, may use the above formula but Software Engineering Services, Inc.'s portion may not make the total exceed 100% of the employee's cost of reimbursable expenses.**

(6) Employees seeking reimbursement for educational expenses must submit to the Personnel Manager / Supervisor a certified transcript of their grades and receipts for the expenses incurred. Software Engineering Services, Inc. will then reimburse the applicable percentage of the employee's cost of tuition and textbooks. However, employees who take courses at the specific request or direction of management may be reimbursed for all costs in advance.

(7) Employees who are terminated during enrollment because of reduction in force or elimination of their job will be reimbursed for the full 50% of the employee's cost of reimbursable expenses. Employees who, prior to completing the approved course, voluntarily leave Software Engineering Services, Inc. or are terminated for reasons other than those listed above will not be reimbursed for the expenses associated with the course.

(8) Employees are expected under normal circumstances to schedule class attendance and the completion of study assignments outside of their regular working hours. It is expected that educational activities will not interfere with the employee's work, and unsatisfactory job performance during enrollment may result in forfeiture of educational assistance and termination of employment.

509 SERVICE AWARDS

Policy:

It is the policy of Software Engineering Services, Inc. to recognize extended service to the organization by presenting service awards to eligible employees in accordance with the guideline set forth below.

Comment:

(1) All full-time and part-time employees are eligible to receive a service award upon completion of five years of service and at the end of every five years of service after that. If an employee has a break in service, employment must be continuous for five years to count any previous years of service.

(2) The service award will normally be presented to the individual on the anniversary date when the employee becomes eligible for the award. If this date falls on a Saturday, Sunday or holiday, the award will be presented on the next regularly scheduled working day.

(3) Service awards to employees should be presented by the President or the Resource Manager.

(4) The Resource Management Department is responsible for identifying those employees to be honored, notifying the presenter, ordering the awards, and arranging for appropriate announcements and publication of awards.

510 BEREAVEMENT

Policy:

It is the policy of Software Engineering Services, Inc. to provide bereavement leave to full-time employees in the event of death of an immediate family member.

Comment:

(1) It is the responsibility of each employee to notify the Resource Management Department of a death of an employees immediate family member. "Immediate family" includes an employee's parent, spouse, child, step-child, brother, sister, or any member of the employee's household.

(2) Software Engineering Services, Inc. will allow 1-3 days paid personal time as appropriate for family emergencies, illness, and death.

511 DISABILITY

Policy:

It is the policy of Software Engineering Services to provide Disability Insurance for full time employees.

Comment:

(1) Disability insurance provides you with loss of income protection if you become disabled from accidental bodily injury or illness and are unable to perform one or more of your essential duties of your occupation. An essential duty is defined as a substantial (not incidental), fundamental (inherent to the occupation) task that can not be reasonably omitted or changed. The employee becomes eligible for benefits if:

(2) Short Term Disability the employee is unable to work for a period of one consecutive working day or longer due to accidental bodily injury or unable to work for a period of seven consecutive working days due to illness sickness which is not covered under work's compensation; and

- the employee is being treated by or is under the care of a physician or other qualified medical practitioner for the accidental bodily injury, or illness; and
- the treating physician or qualified medical practitioner provides the company with written verification that the absence from work is due to the accidental bodily injury, or illness; and permits the Company to obtain additional verification as it deems necessary.
- The Short Term Disability benefit duration is 13 working weeks. Please refer the provider policy documents for more information.

(3) Long Term Disability the employee is unable to work for a period of 90 consecutive working days or longer due to accidental bodily injury or unable to work for a period of 90 consecutive working days due to illness sickness which is not covered under work's compensation; and

- the employee is being treated by or is under the care of a physician or other qualified medical practitioner for the accidental bodily injury, or illness; and
- the treating physician or qualified medical practitioner provides the company with written verification that the absence from work is due to the accidental bodily injury, or illness; and permits the Company to obtain additional verification as it deems necessary.
- Please refer the provider policy documents for more information on the SES Long Term Disability benefit.

600 ABSENCE FROM WORK

601 ATTENDANCE AND PUNCTUALITY

Policy:

It is the policy of Software Engineering Services, Inc. to require employees to report for work punctually as scheduled and to work all scheduled hours and any required extra time. Excessive tardiness and poor attendance disrupt work flow and customer service and will not be tolerated.

Comment:

(1) Unauthorized or excessive absences or tardiness will result in disciplinary action, up to and including termination. Absences in excess of those allowed in **Sick Leave**, and tardiness or early leaving are grounds for discipline.

(2) Employees will receive instructions as to their starting, ending, and break times. Employees are expected to be engaged in carrying out their duties during all scheduled work time.

(3) Employees should notify their supervisor (client) and Resource Manager as far in advance as possible whenever they are unable to report for work, know they will be late, or must leave early. Failure to notify Software Engineering Services, Inc. properly of any absence may result in loss of compensation during the absence and may be grounds for disciplinary action. Such notification should include a reason for the absence and an indication of when the employee can be expected to report for work. If the supervisor (client) is unavailable, the Resource Management Department should be contacted and given the same information. (See **Attendance Guidelines.**)

(4) Employees who are delayed in reporting for work more than thirty minutes and who have not notified their supervisor (client) of their expected tardiness may lose their right to work the balance of the work day. In addition, employees who report for work in improper attire may not be permitted to work. Employees who report for work in a condition deemed not fit for work, whether for illness or any other reason, will not be allowed to work.

(5) Employees are expected to report for work if Software Engineering Services, Inc. does not declare an emergency closing. If Software Engineering Services, Inc. closes before 7:00 a.m., the closing will be announced on KFAB (1110) radio station. Employees who are unable to report because of weather conditions will be granted an authorized unpaid absence or allowed to use vacation. Employees who are late because of weather conditions will be given a chance to make up their missed time within the same workweek if work schedules and conditions permit. Compensation from sick leave will not be allowed. Employees who have reported for work on a day that Software Engineering Services, Inc. declares an early closing will not be compensated for the hours they would normally work during the remainder of the day.

(6) Employees must report to their supervisor (client) after being late or absence, give an explanation of the circumstances surrounding their tardiness or absence, and certify that they are fit to return to work. The supervisor (client) should record the information and when appropriate, counsel the employee on the importance of good attendance and warn that excessive tardiness or absences, regardless of the causes, will lead to discipline, up to and including termination.

(7) Employees must obtain permission from their supervisor (client) in order to leave premises during working hours. (See **Rest Breaks.**)

(8) Employees who are absent from work for one or more consecutive days without giving proper notice to Software Engineering Services, Inc. will be considered as having voluntarily resigned.

602 SICK LEAVE

Policy:

It is the policy of Software Engineering Services, Inc. to permit employees to be absent from work under certain circumstances, including sickness or injury. In order to help employees maintain their income during authorized sick leave absences, Software Engineering Services, Inc. will provide compensation for such absences according to the guidelines below.

Comment:

(1) It is Software Engineering Services, Inc.'s policy to grant three (3) paid sick days after every 6 months of continuous employment. Up to six sick days may be carried forward into the next year, giving the employee up to twelve (12) days in a year. Sick days are a benefit, and not a right given to the employee. They should be taken only when and as needed. Employees will not be paid or reimbursed for unused sick days (See policy on **Medical Procedure**).

(2) Software Engineering Services, Inc. reserves the right to require medical documentation for two or more days taken at any one time by an employee.

(3) An employee who is pregnant will be granted an additional ten days paid sick leave up to and after delivery. An employee whose spouse is pregnant or has given birth may take unpaid time off in accordance with the Family Leave Act.

603 LEAVES OF ABSENCE

Policy:

It is the policy of Software Engineering Services, Inc. to grant full-time employees extended leaves of absence from Software Engineering Services, Inc. under certain circumstances. Software Engineering Services, Inc. recognizes that occasionally in an employee's career, there may be need for an extended leave from work, such as for military service, education, or dependent care. Except as stated below, employees will not receive compensation during a leave of absence.

Comment:

(1) Employees are eligible for leaves of absence if they have worked for Software Engineering Services, Inc. for at least 12 months. The granting and duration of each leave of absence and the compensation received by the employee, if any, during the leave of absence shall be determined by Software Engineering Services, Inc. in conjunction with applicable federal and state law.

(2) When possible, requests for a leave of absence or any extension of a leave should be submitted in writing to the President of Software Engineering Services, Inc. thirty days prior to commencement of the leave period, or as soon as is possible. The decision whether to allow the leave of absence or any extension will be made by the President of Software Engineering Services, Inc.

(3) Employees are not entitled to unemployment compensation during the period of requested leave. Employees who are covered by worker's compensation insurance, and therefore already receiving compensation, may not use paid sick leave.

(4) Employees returning from an approved leave of absence will be reinstated to their same job or one of similar status and pay as required by law. Employees returning from a medical leave must provide certification of their ability to perform the functions of their job. Employees returning from a military leave must also comply with all of the reinstatement provisions detailed in **Military Leave of Absence**.

(5) Employees who are unable to report for work because of arrest and incarceration will be placed on a special personal unpaid leave of absence. If the employee is unable to secure bail, the leave of absence will continue until final disposition of the charges. If the employee is freed on bail, a decision whether to allow the resumption of active employment pending disposition of the charges will be made by the employee's department head and the President. They shall determine whether reinstatement would be consistent with Software Engineering Services Inc.'s needs and requirements.

(6) If an employee fails to return to work at the conclusion of an approved leave of absence, the employee will be considered to have voluntarily terminated employment.

(7) All requests for leave of absence must be submitted in writing to your supervisor.

(8) Software Engineering Services, Inc. will not guarantee to hold any job open longer than 30 days. However, the Company will make every effort to place the returning employee in a similar position.

The following types of leaves will be considered:

(9) FAMILY AND MEDICAL LEAVE:

Software Engineering Services, Inc. will comply with the provisions of the federal Family and Medical Leave Act ("FMLA") which requires covered employers (50 or more

employees) to give eligible employees up to 12 weeks of unpaid, job-protected leave every 12 months for the birth of a child, or when a child is placed with an employee through adoption or foster care; for the employee's own serious health condition; or so the employee can care for a parent, child or spouse with a serious health condition. Employees make take FMLA leave for the following reasons:

- **Medical Leave of Absence:** Employees who are unable to work because of a serious health condition or disability may be granted a medical leave of absence. Software Engineering Services, Inc. requires certification of an employee's need for medical leave, both before the leave begins and on a periodic basis thereafter by the employee's health care provider.
- **Parental Leave of Absence:** Employees may be granted a parental leave of absence to care for a child upon birth or upon placement for adoption or foster care.
- **Family Care Leave of Absence:** Employees may be granted a family care leave of absence for the purpose of caring for a child, spouse, or parent who has a serious health condition. Software Engineering Services, Inc. requires certification of the family member's serious health condition, both before the leave begins and on a periodic basis by the family member's health care provider. Employees are not required to use paid vacation to cover an FMLA leave of absence.

(10) **OTHER LEAVE:**

- **Military Leave of Absence:** A military leave of absence will be granted if an employee or is recalled to active duty in the Armed Forces of the United States for a period of up to four years (plus any involuntary extension for not more than one year). Employees who perform and return from military services in the Armed Forces, the military Reserves, or the National Guard will retain such rights with respect to reinstatement, seniority, vacation, layoffs, compensation, and length of service pay increases as may be from time to time provided by applicable federal or state law.

Upon satisfactory completion military service and timely notice of intent to return to work, an employee will be reinstated to a job comparable to the one the employee left, provided the employee is qualified and Software Engineering Services, Inc.'s circumstances have not changed to the extent that it would be impossible or unreasonable to provide reemployment. An employee must reapply for a job within 90 days after being released from active duty. Reservists and National Guard returning from initial active duty for training must apply for reinstatement within 31 days after being released from military duty.

Employees returning from all other active duty must report to work on the first scheduled working day following completion of training. If an employee, on return from military service, is physically unable to perform the duties of the employee's previous job, Software Engineering will attempt to place the employee in a position of similar status and pay this is compatible with the employee's physical abilities.

Software Engineering Services, Inc. will grant up to two weeks of unpaid leave each calendar year for full-time employees, for participation in annual training duty in the U. S. Military Reserves or the National Guard.

- **Jury Duty:** If you are called to serve on jury duty during working hours, every effort will be made for you to fulfill your civic responsibility. While you are serving on a jury, you may request more flexible hours, to allow you to make up missed time. The nature of Software Engineering Services, Inc.'s business does not allow for additional compensation to employees for hours not worked except as previously described (vacation, holidays, sick policy). Immediately upon receipt of the summons, the employee must submit a copy to their supervisor. Employees released before 12:30 p.m. from jury duty or testifying must report back to their job at Software Engineering Services, Inc.
- **Election Official Service:** The nature of Software Engineering Services, Inc.'s business does not allow for additional compensation to employees for hours not worked except as previously described (vacation, holidays, sick policy). Immediately upon receipt of the notice, the employee must submit a copy to their supervisor
- **Educational Leave of Absence:** Employee who desire to continue their education in preparation for added responsibility with Software Engineering Services may be granted an unpaid educational leave of absence.
- **Public Service Leave of Absence:** Employees who desire to accept temporary employment in federal, state, or local government or with an organization devoted to community service may be granted an unpaid public service leave of absence.
- **Personal Time Off:** From time to time you may have a need to attend to personal matters which cannot be handled during off-duty hours. When such is the case, consideration will be given to maintaining the balance between the requirements of your position and your personal needs. Discuss your need for any personal time off with your supervisor for prior approval

604 REST BREAKS

Policy:

It is the policy of Software Engineering Services, Inc. to provide rest breaks during the course of each workday.

Comment:

- (1) Whenever practical, employees are to receive two fifteen minutes break per day.
- (2) The time for employee rest breaks will be scheduled by each supervisor with appropriate regard for the work load. Time spent on rest breaks will be compensated as working time, and employees are not required to sign out and in on their time sheets. However, employees are expected to be punctual in starting and ending their breaks.
- (3) Employees who choose to continue working during rest breaks are not entitled to leave before the normal quitting time and will not receive extra pay for the time worked. Time for rest breaks is not cumulative and cannot be used to extend meal breaks or to make up time.
- (4) Rest breaks must be taken in the cafeteria or in other designated non-work areas.
- (5) Employees on rest breaks are not permitted to interfere with fellow employees who are continuing to work.

605 LUNCH BREAKS

Policy:

It is the policy of Software Engineering Services, Inc. to provide lunch breaks during the course of each workday.

Comment:

- (1) Full-time employees are normally allowed one hour for a lunch break near the middle of the workday.
- (2) Employees will not be compensated for their lunch breaks unless they are required to work during their breaks. Nonexempt employees (those not exempt from the minimum wage and overtime requirements of the Fair Labor Standards Act) must sign out and back in for all lunch breaks.
- (3) Employees may not leave early or extend lunch breaks beyond their assigned period, may not be compensated for time lost because of tardiness, and will be subject to discipline if tardiness becomes excessive.
- (4) Supervisors and department heads are responsible for balancing work loads, scheduling lunch breaks and enforcing the policy. Whenever necessary, the employee's supervisor can change the duration and time of lunch periods.

700 PERSONAL CONDUCT

701 BEHAVIOR OF EMPLOYEES

Policy:

It is the policy of Software Engineering Services, Inc. that certain rules and regulations regarding behavior are necessary for the efficient operation of Software Engineering Services, Inc. and for the benefit and safety of all employees. Conduct that interferes with operations discredits Software Engineering Services, Inc., or is offensive to customers or fellow employees, will not be tolerated.

Employees are expected at all times to comply with the rules of conduct and other guidelines set forth in these personnel policies or other Software Engineering Services, Inc. policy statements; to display proper respect for their coworkers; to accept and carry out job assignments; and to avoid any conduct which is disruptive or adverse to the best interests of Software Engineering Services, Inc. Whenever an employee fails to do so, appropriate corrective action will be taken. Supervisory employees have an additional responsibility to provide a proper example of conduct for their employees. Employees whose behavior compromises the reputation of the Company or is otherwise detrimental to the Company's operation, in management's opinion, may be subject to disciplinary/corrective action. Personal situations and/or circumstances which affect an employee's ability to perform his/her job and/or which cast an unfavorable light on the Company's reputation in the community or with a client may require supervisory intervention. Good judgment in any case, will prevail.

Software Engineering Services, Inc. also expects its employees to perform assigned job duties in a fully satisfactory manner. Employees whose performance is unsatisfactory or poor are expected to demonstrate a concern for improvement, to accept constructive criticism from their supervisors and to work with their supervisors to improve performance. Employees who disagree with their supervisors' assessments should talk to the President of Software Engineering Services, Inc.

Software Engineering Services, Inc.'s intent is to help correct employee job performance problems and conduct violations. However, employment with the Company is voluntary. An employee is free to resign his/ her position at any time, and the Company may terminate the employment relationship whenever such action is appropriate. The Company maintains the right to terminate an employee at any time. As a responsible community citizen the Company also maintains the right to report illegal activities on Company's or client's property to law enforcement officials.

Comment:

(1) Conduct violations are defined as acts which require supervisory intervention and may involve employee/supervisor discussions, employee counseling or training, and disciplinary measures such as suspension or termination. The violations may include, but are not necessarily limited to, problems in the following areas:

- Tardiness or absenteeism
- Fighting and provocation leading to fighting on the job
- Falsifying the employment application, time sheets or expense reports
- Refusing to do reasonable work assigned
- Misuse of Company funds or property or using them for personal gain
- Violating safety codes which endanger life and limb (even if it does not result in an accident)
- Falsifying reports on employee's whereabouts during working hours
- Interference with other employees in the performance of their work, e.g., harassment, withholding needed information
- Insubordination

(2) Instances where a conduct violation has occurred, the following procedures are recommended:

- Verbal Discussion - Management may counsel the employee about his/her conduct. Should this counseling correct the employee's conduct, no further action will be taken.
- Written Warning - Should additional counseling be necessary, a written summary outlining the misconduct will be documented by management. The employee should be requested to sign the written summary. The written summary will be kept on file by the immediate supervisor and an additional copy will be placed in the employee's personnel file. Management will counsel the employee in order to assist in correcting the problem.
- Immediate Suspension - Depending on the severity of the conduct violation, an employee may be immediately suspended without pay while an investigation is conducted. A decision will be made as to whether the employee will be reinstated or terminated at the conclusion of the investigation.

(3) Supervisors are expected to fully document employee conduct violations, disciplinary measures, and decisions to suspend or discharge an employee.

(4) The following conduct is prohibited and not considered in the best interest of our clients, other staff members, or Software Engineering Services, Inc.:

- **Cursing, abusive and or derogatory language** in the presence of or addressed to another staff member will be cause for disciplinary action, including the possibility of dismissal.
- Possessing dangerous **weapons/firearms** on the job.
- Possession of **alcohol, illegal drugs** or controlled substances on Company or client's property, including Company vehicles.

- Performing **unlawful acts** while on duty.
- Being charged with and/or **conviction of a felony**

(5) Conduct violations (a) through (f) above will result in immediate termination. Conduct violations, (b), and (e), will be reported to the appropriate law enforcement agencies.

(6) Any employee who is aware of any violation (a) - (f) is responsible for reporting said violation to the appropriate supervisor. Any employee who is aware of any violation (a) - (f) and fails to report the violation will be subject to the same punishment as the employee who commits the violation. The reporting of a violation will not have an adverse impact on an employee's job standing, or opportunities for advancement.

702 DRESS CODE: PERSONAL APPEARANCE OF EMPLOYEES

Policy:

It is the policy of Software Engineering Services, Inc. that each employee's dress, grooming, and personal hygiene should be appropriate to the work situation.

Comment:

(1) Employees have latitude in their wearing apparel as long as it conforms to acceptable business, operating or office and safety standards. Every employee is expected to be neat, clean and reflect a professional image. Clothing and accessories must be job appropriate. Questions of appropriateness should be addressed to the President of Software Engineering Services, Inc.

(2) Any employee who does not meet the standards of this policy will be required to take corrective action, which may include leaving the premises. Any work time missed because of failure to comply with this policy will not be compensated, and repeated violations of this policy will be cause for disciplinary.

703 CASUAL DAY

Policy:

It is the policy of Software Engineering Services, Inc. to allow casual day every Friday and in the event that the Omaha Public Schools cancel classes due to bad weather.

Comment:

It is important to remember that casual wear should be neat and appropriate for the workplace. Clothing which may be entirely appropriate for casual settings or for social activities, and which may be of excellent quality and very much in fashion, may nevertheless not be inappropriate for the office.

704 PERSONAL FINANCES OF EMPLOYEES

Policy:

It is the policy of Software Engineering Services, Inc. to require employees to meet and discharge their financial obligations in a timely manner.

Comment:

(1) Employees should manage their personal finances so that they do not adversely impact job performance or Software Engineering Services, Inc.'s image in the community. The failure of employees to meet financial obligations may impose an administrative and financial burden on Software Engineering Services, Inc. in terms of extra bookkeeping and the need to respond to and comply with court processes.

(2) Software Engineering Services, Inc. will not disclose employee financial information to outside parties without express written permission from the employee. Employees who become financially obligated to Software Engineering Services, Inc. will be expected to provide a written acknowledgment of the obligation at the time it is incurred. Such obligations could arise from expense advances, breakage or shortages, or Software Engineering Services, Inc. loans.

(3) The Resource Management Department is the only department authorized to receive a writ of garnishment or attachment, a notice of levy by any taxing authority, or any other similar order requiring payment of a portion of an employee's compensation to someone other than the employee. The Resource Management Department is to notify the affected employee immediately and then deduct the required amount from the employee's earnings. The amount deducted however, shall not exceed that permitted by law.

(4) No employee will be terminated due to his earnings have been subjected to garnishment for *one* indebtedness. However, repeated garnishments for more than one indebtedness may result in discipline, up to and including termination, depending on the circumstances of the case and any restrictions under state law.

(5) Except in certain job positions, Software Engineering Services, Inc. will not deny employment to, or terminate the employment of, any person solely because that person has filed a petition bankruptcy.

(6) Employees experiencing financial problems are encouraged to seek assistance from their supervisor or from the Personnel Department (See **Employee Counseling**).

705 CUSTOMER RELATIONS

Policy:

It is the policy of Software Engineering Services, Inc. to be customer and service oriented and to require employees to treat customers in a courteous and respectful manner at all times.

Comment:

(1) Employees must understand that the customer comes first, is the primary source of the organization's income, and is, therefore, the ultimate source of each employee's job security and income. All employees have an obligation to represent Software Engineering Services, Inc. in a positive fashion and to make customers feel as comfortable as possible in dealing with the organization.

(2) Employees with customer contact are expected to know Software Engineering Services, Inc.'s products and services to learn the wants and needs of customers. Such employees should attempt to educate customers about Software Engineering Services, Inc.'s products and services and should seek new ways to serve the customer.

(3) Employees are encouraged to report recurring customer-related problems to their supervisor and/or make suggestions for changes in Software Engineering Services, Inc.'s policies or operating procedures to solve problems.

(4) Employees should be prepared to listen carefully to customer inquiries and complaints and then deal with them in a responsive, professional manner. If a controversy arises, the employee should attempt to explain Software Engineering Services, Inc.'s policy in a clear, yet deferential manner. If a customer becomes unreasonable or abusive and the employee cannot resolve the problem, the customer should be referred to the employee's supervisor.

(5) Employees should be particularly careful to exercise courtesy and thoughtfulness in using the telephone. A positive telephone contact with a customer can enhance goodwill while a negative experience can destroy a valuable relationship. The following procedures should be observed whenever possible:

(a) When answering the telephone, use a pleasant tone of voice, give the name of the department, and identify yourself;

(b) If the person with whom the caller wishes to speak is on another line, ask the caller if he wants to be placed on hold;

(c) If a caller has been placed on hold, carefully monitor the holding period and offer to have the call returned if the person with whom he wishes to speak is not available within a reasonable time;

(d) When a caller leaves a name, number, or message, make sure it is recorded correctly and given promptly to the appropriate individual; and

(e) When using the telephone, all employees should take and place their own calls.

(6) Most of Software Engineering Services, Inc.'s customers speak English as their primary language. Therefore, it is required that employees speak English when dealing with customers. Violations of this rule will result in disciplinary action. This rule does not apply,

however, in situations where the customer's primary language is other than English and the employee is also conversant in the other language.

706 USE OF COMMUNICATION SYSTEMS

Policy:

It is the policy of Software Engineering Services, Inc. to provide for the communication services and equipment (communications) necessary for the conduct of its business.

Communications include, but are not limited to, the following:

- Electronic media, such as computer files, E-mail, and Voice mail
- Files that interfaced between Software Engineering Services and outside computer.
- Paper media, such as reports, memos, mail, FAX, etc.
- Images, such as microfilm or optical.
- Telephone equipment.

Comment:

(1) Communications, including the data produced on these Company resources, are Company property. Employees should use good judgment when handling Company/personal communications and data. (See **Confidential Nature of Company Affairs**).

(2) Employees should familiarize themselves with the types of communications used by Software Engineering Services, Inc. Most of these services and equipment have usage charges or other related expenses. Employees should be aware of these charges and expenses and should exercise care in choosing the proper vehicle for each business communication. Employees should consult their supervisor if there is a question about the proper vehicle.

(3) Occasional personal use of the communication services, as determined by each senior department manager, is permitted within the Company. Such usage should be kept to an absolute minimum because it can impede the normal flow of business, incur unnecessary expense, and reduce productivity. When there is personal usage, employees must properly log any user charges and reimburse Software Engineering Services, Inc. Whenever possible, charges should be placed on a collect basis or charged to the user's credit card or personal bill.

(4) Employees with legitimate business purposes may have the need to view another person's communications. It is possible that a personal communication may be viewed inadvertently in the course of the normal business. The Company will attempt to honor the privacy of such areas by refraining from accessing them unless it has reasonable grounds to do so. The Company prohibits any employee from reviewing other communications without having a business purpose. Employees engaged in such activity may be subject to disciplinary action.

(5) Employees who do not have direct access to a Company telephone should make provisions to have emergency or other necessary incoming calls routed to their supervisor, or to the Personnel Department if the supervisor is not accessible. Software Engineering Services cannot and does not accept responsibility for the prompt accurate relay of personal messages.

(6) Employees are not to use Software Engineering Services, Inc.'s address for receiving personal mail and may not use Software Engineering Services, Inc.'s stationery or postage for personal letters. **Personalized stationery and business cards may only be used by Software Engineering Services, Inc.** Employees should exercise care so that no personal correspondence appears to be an official communication of Software Engineering Services, Inc.

(7) Any employee whose telephone communications will be listened to as a part of their performance evaluation will be asked to sign a consent form.

(8) The Company may monitor communications for legitimate purposes including, but not limited to, the following:

- (a) Breach of security
- (b) Violations of Company policy
- (c) As directed by government officials

(9) All of the above comments (1) through (8) also apply to improper use of clients' communications systems, equipment, and other assets for personal use, or any non-business related purpose could result in disciplinary actions, including termination.

707 DISCIPLINARY PROCEDURE

Policy:

It is the policy of Software Engineering Services, Inc. that all employees are expected to comply with Software Engineering Services, Inc.'s standards of behavior and performance and that any noncompliance with these standards must be remedied.

Comment:

(1) Under normal circumstances, Software Engineering Services, Inc. endorses a policy of progressive discipline in which it attempts to provide employees with notice of deficiencies and an opportunity to improve. It does, however, retain the right to administer discipline in any manner it sees fit. In cases involving serious misconduct, such as a major breach of policy or violation of law, the progressive disciplinary guidelines may be disregarded.

(2) The progressive disciplinary guidelines may also be applied to an employee who is experiencing a series of unrelated problems involving job performances and/or behavior.

(3) The President of Software Engineering Services, Inc. must review and approve all recommendations for termination before any final action is taken.

(4) Refer to *Disciplinary Action Guidelines for Poor Attendance.*

708 DISCIPLINARY ACTION GUIDELINES FOR POOR ATTENDANCE

Timeframe	Verbal Warning after:	Written Warning after:	Termination Recommended on the:
0-6 Months	2 Days Absence (unpaid)	3 Days Absence (unpaid)	4th Absence
6 Months - 1 Year	2 Days Absence	3 Days Absence	4th Absence
1st Year Anniversary and Annually thereafter	7 Days Absence	8 Days Absence	9th Absence

- Counseling with the employee should take place before a verbal warning is issued.
- Unpaid leave will count toward total absences.
- Absences will be monitored from anniversary date to anniversary date of each employee.
- Employees should be informed at the time of employment on what the guidelines are and how they will be handled.
- Consistency is crucial! Everyone must be dealt with the same.
- Exceptions for serious illness, death of family members, etc., must be approved through the manager and documented. Consistency in these exceptions is also extremely important.
- If an employee is absent and has sick leave or vacation time available, they should not be allowed to take unpaid leave. This does not apply to situations of tardiness.
- If employees are tardy, they should make up the time in the same workweek or be docked. Employees should not be allowed to use vacation or sick leave for tardiness.
- Sick leave cannot be used for doctor appointments.
- Sick leave can be used to stay home with sick children.
- The annual salary increase given at performance appraisal time should reflect the attendance record of the employee.
- Days shown in the above chart are based on 8.00 hours per day for full-time employees. Although part-time employees have no paid sick time available, they will be held to the same guidelines, and days will be based on the standard number of hours worked for their position.

709 DRUG AND ALCOHOL

Policy:

It is the policy of Software Engineering Services, Inc. to maintain a safe, supportive workplace that is free from the effects of drug and alcohol abuse.

Comment:

(1) Employees are prohibited from the use, sale, dispensing, distribution, possession, or manufacture of illegal drugs, narcotics or alcohol on Software Engineering Services, Inc.'s premises or work sites.

(2) Software Engineering Services, Inc. will not tolerate any drug or alcohol use which imperils the health and well-being of its clients, or their staff, or threatens the continued operations of any of their facilities. Our clients, their staff, and Software Engineering Services Inc.'s staff, have the right to work in an alcohol and drug free environment and to work with persons free from the effects of alcohol and drugs. Employees who abuse alcohol or drugs are a danger to themselves and to others.

(3) All prospective, new employees will be tested for drugs and narcotics. All testing will be done off premises and conducted by a lab approved by the National Institute on Drug Abuse (NIDA). All positive test results will be re-tested. Prospective employees will not be hired if the positive test is confirmed.

(4) Present employees may be required to take a test to determine the presence of drugs, narcotics, or alcohol. Testing positive for such substances is a violation of this policy. Employees subject to the Drug-Free Workplace Act who are convicted of any criminal drug violation occurring in the workplace, (including plea of no contest), must report such conviction to the Personnel Department within five days. Software Engineering Services, Inc. will either discipline the employee, up to and including termination, or offer the employee any help available to combat their involvement with such substances.

(5) The presence and or use of any alcoholic beverages on client's property is absolutely prohibited. Employees are encouraged not to come to work after the use of alcohol if the evidence of use is still present. Violation of this policy could be the cause for dismissal.

(6) The presence and or use of any illegal drugs on Software Engineering Services, Inc.'s or on the client's property is absolutely prohibited and cause for immediate dismissal. The presence of any illegal drugs will also be reported to the appropriate law enforcement authorities.

(7) Employees who are experiencing work-related problems resulting from drug, narcotic, or alcohol abuse or dependency may request counseling help.

(8) Any employee who is abusing drugs, narcotics, or alcohol may be granted a leave of absence to undertake rehabilitation treatment. The employee will not be permitted to return to work until certification is presented to the President that the employee is capable of performing his /

her job. Participation in a treatment program does not insulate an employee from the imposition of discipline for violations of this or other Software Engineering Services, Inc.'s policies.

(9) Software Engineering Services, Inc. considers drug, narcotic, and alcohol abuse and addiction to be a disease. Software Engineering Services, Inc. will, to the extent feasible, provide continuing education for the work force about the ill effects of such substance abuse and strive to help our employees who struggle with it.

710 PARTICIPATION IN COMMUNITY AFFAIRS

Policy:

It is the policy of Software Engineering Services, Inc. to encourage employees to participate in the community service affairs of charitable, educational, religious, fraternal, and civic organizations.

Comment:

(1) Employee participation in community activities must not adversely affect the employee's job performance, be detrimental to Software Engineering Services, Inc.'s interests, or place the employee in the position of having conflicting interests.

(2) Time spent on community affairs, when not undertaken at the request of management, should normally be outside of the employee's regular working hours and, therefore will not be considered hours of work for pay purposes.

(3) Employee-initiated participation in community affairs that involves an extended period of time away from the job should be handled in accordance with the provisions contained in **Leaves of Absence**. Likewise, reimbursement for the expenses or fees involved in community activities should be handled in accordance with the provisions of **Memberships in Clubs and Civic Organizations**.

(4) Software Engineering Services, Inc. may identify certain community activities in which it wishes to be represented and then designate the employees it will sponsor for participation or membership in such organizations. Employees so designated will represent Software Engineering Services, Inc. in the organization and will be expected to promote Software Engineering Services, Inc.'s interests. Under these circumstances, certain expenses may be reimbursable by Software Engineering Services'

(5) Employees have a responsibility when expressing opinions in a public forum to make clear whether the opinion is a personal one or one representing Software Engineering Services, Inc.'s. Any public communication which might be considered as representing Software Engineering Services Inc.'s position must be approved in advance by the President. Employees are not to discuss internal, confidential affairs in any public forum.

(6) Employees planning to campaign for, seek, or accept appointment to public office must give prior notice of their intentions to their department head. The Resource Manager will review with the employee Software Engineering Services Inc., continuing requirements to avoid conflicts of interest and to maintain satisfactory attendance, effort, and performance standards. Employees engaging in political activities must do so as individuals on their own time, not as

representatives of Software Engineering Services, Inc. and may make no representations otherwise.

711 SMOKING

Policy:

All Software Engineering Services, Inc. locations are to be smoke free environments.

Comment:

There will be no smoking inside any Software Engineering Services, Inc. locations. Employees who must smoke may do so while on breaks, outside of the building and away from the general vicinity of where other workers may be entering or leaving the building. Smoking at client facilities will be in accordance with the client's policies and/or guidelines.

712 EMPLOYEE ASSISTANCE POLICY

Purpose:

The SES Employee Assistance Policy provides a way for a employee to reach the right kind of help. We know that problems are greatly reduced when correct steps are taken. Typical problems addressed by the SES Employee Assistance policy are marriage, family, legal, grief, individual, spiritual, alcoholism, overweight, sexual, and medical problems. Drug and alcohol abuse issues are addressed in section 709 of this document. Financial problems are addressed in section 704 of this document.

Comment:

(1) SES believes that when an employee's job performance is unsatisfactory and the employee is unable correct the situation, either independently or with normal supervisory assistance, then some factor outside of the job itself may be the basis of the problem. Assistance is offered (as provided by the Health Care Insurance program explained in section 502) to resolve such problems in an effective and confidential manner.

(2) In instances where it is advisable, sick leave may be granted (in accordance with the Sick leave policy explained in section 602) for treatment or rehabilitation of other health problems on the same basis as such leave is granted for physical health problems.

(3) Employees who have a problem which they feel may affect work performance are encouraged and supported to voluntarily seek counseling and information on a confidential basis from agencies which exist to assist people with problems. The cost of this counseling is offset by the Health Plan addressed in section 502 of this document. The employee will be responsible for the cost of counseling not addressed by the Health Plan (see section 502 of this document).

(4) Since employee work performance can be affected by the problems of an employee's spouse or other dependents, the families of SES employees are encouraged to seek help as well. The cost of this counseling is offset by the Health Plan addressed in section 502 of this document. The employee will be responsible for the cost of counseling not addressed by the Health Plan (see section 502 of this document).