



EMPLOYEE HANDBOOK

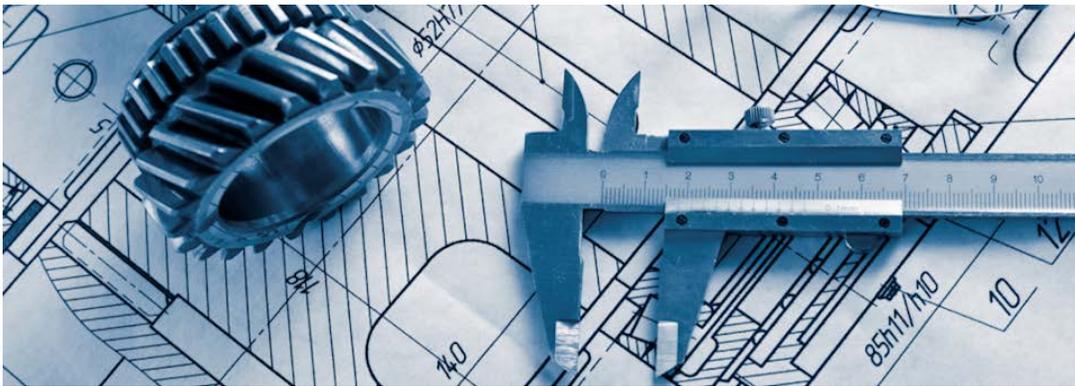


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ABOUT THE HANDBOOK

This handbook is intended to provide employees with a general understanding of the personnel policies, procedures and benefits available at PARAGON SERVICES. Employees are encouraged to familiarize themselves with the contents of this handbook for it will answer many common questions concerning their employment. However, it is impossible to anticipate every situation or question that may arise. Therefore, please feel free to contact the Executive Management about any employment related questions you may have.

To retain the necessary flexibility in the administration of policies, procedures and benefits, the information contained in this Handbook may change. Every effort will be made to keep you informed through suitable lines of communication. Nevertheless, PARAGON SERVICES reserves full discretion to add to, modify, or delete provisions of this Handbook at any time without advance notice. These changes can be made at any time with written notice to employees; however, any changes to the at-will employment policy can only be made specifically, in writing, and signed by an authorized company representative.

THE HANDBOOK IS A GENERAL REFERENCE GUIDE. IT IS NOT A CONTRACT OF EMPLOYMENT, EITHER EXPRESS OR IMPLIED. THIS HANDBOOK IS NOT A PROMISE OR GUARANTEE OF CONTINUED EMPLOYMENT OR OF ANY PARTICULAR POLICY OR BENEFIT.

Please review this handbook in its entirety. At the conclusion of this Handbook, you will find an Acknowledgement Form, which you must sign, date, and return to the Company after you have reviewed and familiarized yourself with it.



EMPLOYMENT AT PARAGON

“At-Will” Policy

PARAGON SERVICES conducts its business in a changing business environment. Employment at the Company may be terminated for any reason, with or without cause or notice, at any time by the Employee or the Company. Nothing in this Employee Handbook or in any oral or written statement shall limit the right to terminate employment at will except in a written agreement that is signed by the Principal of the Company.

Unless your employment is covered by a written employment agreement, this policy of at-will employment is the sole and entire agreement between you and the Company as to the duration of employment and the circumstances under which employment may be terminated. If your employment is covered by a written employment agreement, nothing in this Employee Handbook or in any oral statement shall modify or amend the terms of that agreement.

With the exception of employment at-will, terms and conditions of employment with the Company may be modified at the sole discretion of the Company with or without cause or notice at any time. No implied contract concerning any employment-related decision or term or condition of employment can be established by any other statement, conduct, policy, or practice. Examples of the types of terms and conditions of employment that are within the sole discretion of the Company include, but are not limited to, the following: promotion; demotion; transfers; hiring decisions; compensation; benefits; qualifications; discipline; layoff or recall; rules; hours and schedules; work assignments; job duties and responsibilities; production standards; subcontracting; reduction, cessation, or expansion of operations; sale, relocation, merger, or consolidation of operations; determinations concerning the use of equipment, methods, or facilities; or any other terms and conditions that the Company may determine to be necessary for the safe, efficient, and economic operation of its business.

Immigration Compliance

PARAGON SERVICES will comply with applicable immigration law, including the Immigration Reform and Control Act of 1986 and the Immigration Act of 1990. As a condition of employment, every individual must provide satisfactory evidence of his or her identity and legal authority to work in the United States. In accordance with the Legal Arizona Workers Act, PARAGON SERVICES uses “E-Verify” to confirm the work authorization of employees. If you have any questions or need more information on immigration law issues, please contact the Executive Management.

Equal Employment Opportunity Statement

PARAGON SERVICES is an equal employment opportunity employer and strives to comply with all applicable laws prohibiting discrimination based on race, color, ethnicity, sex, age, national origin or ancestry, religion, pregnancy, physical or mental disability, veteran status, marital status, medical condition, gender status, sexual orientation, as well as any other category protected by federal, state, or local laws. All such discrimination is unlawful and all persons involved in the operations of the Company are prohibited from engaging in this type of conduct.

If you believe that you have been the victim of discrimination or harassment, or if you become aware of harassment or discrimination, you must immediately provide a written or verbal report to your Supervisor or the Executive Management.

All complaints of harassment/discrimination will be investigated promptly, impartially, and in as confidential a manner as possible, except to the extent that disclosure may be necessary for the purpose of

investigation or remedial action, dependent on the circumstances. Harassment and discrimination are extremely serious matters, and those who harass or discriminate against others can expect to be disciplined, up to and including termination.

All employees are encouraged to communicate to the Company whenever they believe working conditions may become intolerable and may cause them to resign. Pursuant to § 23-1052, Arizona Revised Statutes, all employees are required to notify Executive Management in writing that a working condition exists that an employee believes is intolerable, that will compel the employee to resign or that constitutes a constructive discharge, if the employee wants to preserve the right to bring a claim against the employer alleging that the working condition forced the employee to resign.

Americans with Disabilities Act (ADA)

PARAGON SERVICES complies with the Americans with Disabilities Act and applicable state and local laws providing for nondiscrimination in employment against qualified individuals with disabilities. PARAGON SERVICES also provides reasonable accommodation for such individuals in accordance with these laws. It is PARAGON SERVICES policy to:

- Ensure that qualified individuals with disabilities are treated in a nondiscriminatory manner in the pre-employment process and that employees with disabilities are treated in a nondiscriminatory manner in all terms, conditions, and privileges of employment.
- Keep all medical-related information confidential in accordance with the requirements of the ADA and retain such information in separate confidential files.
- Provide reasonable accommodation for applicants and employees except where such an accommodation would create an undue hardship on PARAGON SERVICES.
- Notify individuals with disabilities that PARAGON SERVICES provides reasonable accommodation to qualified individuals with disabilities by including this policy in PARAGON SERVICES's employee handbook and by posting conspicuously in PARAGON SERVICES's facilities the Equal Employment Opportunity Commission's poster on not discriminating against individuals with disabilities and other protected groups.

Qualified individuals with disabilities may make requests for reasonable accommodation to Executive Management. On receipt of an accommodation request, Executive Management will meet with the requesting individual to discuss and identify the barriers that make it difficult for the applicant or employee to have an equal opportunity to perform his or her job and identify possible accommodations, if any, that will help to overcome those limitations.

Executive Management will inform the individual of PARAGON SERVICES's decision on the accommodation request.





CONFIDENTIALITY POLICY

Information about PARAGON SERVICES, its employees, customers, suppliers and vendors is to be kept confidential and divulged only to individuals within PARAGON SERVICES with both a need to receive and authorization to receive the information. If in doubt as to whether information should be divulged, err in favor of not divulging information and discuss the situation with your supervisor.

All records and files maintained by PARAGON SERVICES are confidential and remain the property of the Company. Records and files are not to be disclosed to any outside party without the permission of the Executive Management. Confidential information includes but is not limited to: financial records; business, marketing, and strategic plans; the identity of, contact information for, and any other account information on customers, vendors, and suppliers; inventions, programs, trade secrets, formulas, techniques, and processes; and any other documents or information regarding PARAGON SERVICES operations, procedures, or practices. Additionally, employees who by virtue of their job responsibilities have access to confidential customer, vendor or supplier information and any other legally protected information, may not disclose it for any reason except as required to complete job duties.

Employees often have access to confidential Company information, or the use of which is governed by copyright or other laws. The unauthorized disclosure of such information to persons outside the Company or to persons within the Company who do not have a need to know, may result in loss or other harm to PARAGON SERVICES. Accordingly, employees should not disclose information to anyone not authorized to receive it without express written permission from Executive Management. Such information includes, but is not limited to:

- Products, inventories, discoveries, patents, patent applications, designs, drawings, software code, flow charts, schematics, technical specifications, processes, know-how, copyrights, trademarks, service marks, formulae, trade secrets, computer software and all other technical information of the Company
- Marketing methods, names of vendors, names of customers, costs of materials, prices of products or services, lists or records, budgets, profits and losses and all other financial information of the Company
- Information or data concerning the products, technology, operations, personnel, finances or business of the Company
- All other information of the company which is either identified as confidential or proprietary or, from the nature of the information or the circumstances surrounding its disclosure, reasonably ought to be treated as confidential.

Confidential information does not include information lawfully acquired by employees concerning wages, hours or other terms and conditions of employment, if used by them for purposes protected by Section 7 of the National Labor Relations Act, such as joining or forming a union, engaging in collective bargaining, or engaging in other concerted activity for their mutual aid or protection.

Nothing in this Employee Handbook prohibits an employee from communicating with any governmental authority or making a report in good faith and with a reasonable belief of any violations of law or regulation to a governmental authority, or disclosing confidential information which the employee acquired through lawful means in the course of his or her employment to a governmental authority in connection with any communication or report, or from filing, testifying or participating in a legal proceeding relating to any violations, including making other disclosures protected or required by any whistleblower law or regulation to the Securities and Exchange Commission, the Department of Labor, or any other appropriate government authority. To the extent an employee discloses any confidential information in connection with communicating with a governmental authority, the employee will honor the confidentiality obligations in this Employee Handbook and will only share such confidential information with his or her attorney, or with the government agency or entity. Nothing in this Employee Handbook shall be construed to permit or condone unlawful conduct, including but not limited to the theft or misappropriation of Company property, trade



secrets or information. A violation of this policy may result in discipline, up to and including termination from employment.

Search Policy

When deemed necessary and permitted under applicable law, based on a reasonable suspicion of theft, possession of alcohol or illegal drugs, or other illegal activity, or violation of any other provision of this handbook and to protect the safety and property of employees, a supervisor may search and inspect both Company property or premises and personal items present on Company property or premises. Searches may include asking an employee to empty his/her pockets, searching personal items brought onto Company property (including vehicles, purses, backpacks and bags), searching the Company's premises (including any storage areas or other employee areas) and searching the Company's equipment (including computers). Failure or refusal to cooperate in a lawful search, inspection or investigation as specified above will result in disciplinary action up to and including termination of employment. Employees are discouraged from bringing personal items to work.

Employees will never be asked or permitted to remove any clothing or to be touched by another employee or member of management as part of an investigative search. If you are asked to participate in such a search (even if such request is made by a member of management), you must tell the person making the request that you cannot do so because it is a violation of this policy. If that does not resolve the situation, you must immediately notify Executive Management.



EMPLOYEE CLASSIFICATIONS

Employees are classified in various ways, as set forth below. All employees of the company are employed on an at-will basis, regardless of their category. At-will employment means that either the employee or PARAGON SERVICES may terminate the relationship at any time, without notice and without cause.

By Number of Scheduled Work Hours

Regular Full-Time Employees: Those employees who are scheduled to work thirty (30) or more hours per work week on a regular basis and have successfully completed their trial period. These employees are entitled to all company-sponsored benefits, provided they otherwise meet the eligibility requirements of each benefit.

Employees who are scheduled to work thirty (30) to forty (40) hours will accrue vacation time and sick time on a pro-rated accrual basis consistent with scheduled work hours and are entitled to all company benefits.

Regular Part-Time Employees: Those employees who are scheduled to work less than thirty (30) hours per workweek and have successfully completed their trial period.

Employees who work less than thirty (30) hours per week are only eligible for paid holidays, vacation time, sick leave and personal leave (all pro-rated to scheduled work hours) as described in this handbook.

Temporary (full or part time) Employees: Those employees who are employed on a contract of a limited duration of one (1) year or less, arising out of a special job, additional workloads or an emergency.

Full time-temporary employees (scheduled for 30 hours or more per week) assigned to known long term assignments of four (4) or more months will be offered full benefits.

Part time-temporary employees (scheduled for 29 or less hours per week) assigned to know short term assignments of less than four (4) months are not eligible for any company benefits, except for pro-rated paid Holidays.

By Length of Employment

Trial Period Employees (New Hires): Newly hired employees will be subject to a ninety (90) day trial period. During this time, new employees and PARAGON SERVICES will have the opportunity to evaluate whether further employment is appropriate. The company reserves the right to extend the orientation period, if necessary.

Completion of this orientation period does not guarantee continued employment. Employees will be notified verbally or in writing once the orientation period is completed. Nothing in this policy should be interpreted to conflict with PARAGON SERVICES at-will employment policy.

By Eligibility of Overtime

Exempt: Exempt Employees are those whose job assignments meet the federal and state requirements for overtime exemption. Exempt Employees are compensated on a salary basis and are not eligible for overtime pay. Your Supervisor will inform you if your status is exempt.

Non-Exempt: All non-exempt employees are subject to wage and hour laws of the state or federal governments. Non-exempt employees are covered by the Fair Labor Standards Act (FLSA) and are entitled

to overtime. Overtime (1.5 x hourly base wage) is paid for more than 40 hours worked in a week.

By Method of Payment

Salaried Employees: Salaried employees are all those who are paid a fixed salary and not by the hour.

Hourly Employees: Hourly employees are all those whose wages are paid by the hour and fluctuate according to the number of hours worked.





COMPENSATION & WORK HOURS

Pay Periods

PARAGON SERVICES follows semi-monthly pay periods. Hours worked 1st -15th are paid on the 22nd and hours worked 16th – end of the month, are paid on the following month's 7th day. If the date falls on a holiday, you will receive your paycheck on the prior day of that holiday date.

Direct Deposit

Electronic Direct Deposit is an efficient, secure and economical method for delivering payments. Direct deposit assures that an individual's payment is deposited timely even if they are out due to illness, on vacation, or on other approved leave. Electronic deposit of funds can be made to any financial institution in the United States.

Electronic direct deposit payments can be deposited to a checking, debit or savings account of the individual's choice, at any U.S. financial institution.

Employees are solely responsible for notifying Paragon Services of any changes in their banking information, such as account number changes, closed accounts, or bank routing number changes. Failure to notify may result in a delay in payment.

In the event of a paper check requests, PARAGON SERVICES reserves the right to charge employee \$15.00 per paper check.

Payroll Deductions

Paychecks reflect total earnings for the pay period, as well as any mandatory or voluntary paycheck deductions. Mandatory deductions are deductions that PARAGON SERVICES is legally required to take. Such deductions include federal income tax, Social Security tax (FICA) and any applicable state taxes. Voluntary deductions are deductions that are employee authorized. Such deductions might include insurance premiums, contributions to credit unions or savings accounts.

Wage Garnishments

A wage garnishment is an order from a court or a government agency directing PARAGON SERVICES to withhold a certain amount of money from an employee's paycheck and send it to a person or agency. Wages can be garnished to pay child support, spousal support or alimony, tax debts, outstanding student loans or money owed as a result of a judgment in a civil lawsuit.

If PARAGON SERVICES is instructed by a court or agency to garnish an employee's wages, the employee will be notified of the garnishment. Please note that the Company is legally required to comply with these orders. If an employee disputes or has concerns about the amount of a garnishment, the employee must contact the court or agency that issued the order.

Hours of Work

Exempt Employees are expected to work as much of each workday as is necessary to complete their job responsibilities. No overtime or additional compensation is provided to exempt Employees.

For the purposes of calculating overtime for nonexempt Employees, the workweek begins at 12:00 a.m. Monday and ends at 11:59 p.m. Sunday.



All non-exempt employees must record their actual time worked for payroll and benefit purposes. Non-exempt employees should record the time work begins and ends, as well as the beginning and ending time of each meal period. Non-exempt employees must also record any departure from work for any non-work related reason.

Altering, falsifying, and tampering with time records, or recording time on another Employee's time-card is prohibited and subject to disciplinary action, up to and including termination of employment.

It is your responsibility to sign your time record to certify the accuracy of all time recorded. Any errors in your timecard should be reported immediately to your Supervisor, who will attempt to correct legitimate errors.

In some instances, some employees may work a different schedule depending on the facility and work unit that they are working in.

Non-exempt employees who anticipate working overtime must receive written approval from their immediate supervisor. Once the overtime approval form is approved, one copy must be submitted to the supervisor and one copy submitted to the Executive Management.

Timekeeping Procedures

Nonexempt Employees must record their actual time worked for payroll and benefit purposes. Nonexempt Employees should record the time work begins and ends, as well as the beginning and ending time of each meal period. Nonexempt Employees must also record any departure from work for any non-work-related reason. Employees are not allowed to work off-the-clock.

Altering, falsifying, and tampering with time records, or recording time on another Employee's time record is prohibited and subject to disciplinary action, up to and including termination of employment. Exempt Employees may also be required to record their time worked and report full days of absence from work for reasons such as leaves of absence, sick leave, or personal business.

It is your responsibility to sign your time record to certify the accuracy of all time recorded. Any errors in your timecard should be reported immediately to your Supervisor, who will attempt to correct legitimate errors. Time sheets must be filled out and signed by employee and their supervisor's approval and turned in on a weekly basis. Employee must also submit the Overtime Approval form (signed by supervisor) with the time sheet.

Meal Breaks

PARAGON SERVICES believes in employees taking breaks periodically throughout the work day. It is expected each employee will take a minimum thirty (30) minute daily lunch break away from their assigned work desk.

Exempt and non-exempt employees may NOT forego their meal break to leave end their scheduled work day early.

Overtime

When operating requirements or other needs cannot be met during regular working hours, you may be scheduled to work overtime. All overtime work must be authorized in advance by your Supervisor.

Employees may report to the workplace prior to their normal starting time and/or may remain in the workplace beyond their normal quitting time for personal reasons if approval of their supervisor is granted to do so. Employees may not perform work related activities when reporting early or staying late for personal reasons.

Employees who work overtime without approval will be compensated for the hours as appropriate under the Fair Labor Standards Act and state law; however, working overtime without approval will be dealt with as a possible disciplinary action.

On-Call & Call Backs

When an employee is the designated “On-Call” PARAGON SERVICES contact, and a ‘call-back’ issue can be resolved “over the phone,” the employee will be compensated in fifteen (15) increments.

If an employee needs to report onsite, a minimum two (2) with a portal to portal compensation and mileage will be included.





EMPLOYEE BENEFITS

PARAGON SERVICES provides group insurance benefit programs to full time regular employees, who are scheduled to work 30 hours or more per week. Thus full time regular employees, are eligible for benefits the 1st of the month following sixty (60) days after Date of Hire. The following employee benefits are available to regular full-time employees.

Benefits Offered

PARAGON SERVICES retains the sole discretion to modify insurance coverage at any time. Eligibility for standard company benefits is limited to those who are considered regular full-time employees and those employees who regularly work more 30 or more hours per week.

Each full-time employee is entitled to both Full Major Medical/Life and Dental Benefits.

Medical Insurance

PARAGON SERVICES has a major medical plan where the company pays a portion of the monthly premium for the employee. Employees may elect to cover dependents for an additional cost to be deducted from their pay.

Dental Insurance

Paragon Services provides a dental insurance plan. The company pays the full monthly premium for the employee and the employee may elect to cover dependents at an additional cost to be deducted from their pay.

Vision Insurance

Paragon Services provides a voluntary vision insurance plan. The employee may elect to cover themselves and dependents at full cost to be deducted from their pay.

Life/AD&D Insurances

Paragon Services provides \$50,000 term coverage. The employee directs the beneficiary. Accidental-Death and Dismemberment Insurance paid at 100% or 50% for dismemberment.

Flexible Spending Accounts (FSA)

PARAGON SERVICES provides a Health Care and Dependent Care Account. These accounts can be used to deduct pre-tax dollars from employee's pay for qualified expenses under each account.

The Health Care Account is for qualified medical, dental and vision purchases and can be reimbursed through check or paid by account debit card.

The Dependent Care Account is for qualified adult or child care expenses. Child care, after school care, summer school and adult care facilities are qualified. Tuition for private school is not qualified.

Long-Term Disability Insurance

Long Term Disability insurance covers an eligible employee for 60% of their salary not to exceed a monthly amount of \$10,000 after a 90 day waiting period.

Termination

Your insurance terminates at the end of the month in which your employment ends. You have the right to convert to individual medical expense insurance under COBRA.



401k Retirement Plan

Paragon Services provides a 401(k) retirement plan for eligible employees. Eligible employees are employees who have completed six (6) months of service and are over the age of 21.

Employee may contribute 1% to 100% of net income to IRS maximum. Company matches up to 25% of participant's contribution to a maximum of 6% of your contribution

Education Expense Reimbursement

The purpose of PARAGON SERVICES Education Reimbursement program is to assist employees in attaining the certifications and designations necessary to perform their jobs in an exemplary fashion and is beneficial to employment with Paragon Services overall. The Education Reimbursement Program will be administered through the Executive Management with the involvement of all departments.

If an employee intends to request reimbursement, he or she must secure written approval PRIOR to registration or attendance in any classes or technical courses. An Educational Reimbursement Course Approval Form (which can be requested through Executive Management) must be completed by the employee, approved by his/her Supervisor and approved by Executive Management in advance of registration. Classes and technical courses must be related to improving the employee's business and job-related skills, be tied to professional development goals, and contribute to the Company's business objectives. If an employee does not receive prior approval, a request for reimbursement may still be submitted, but please note that late submittals will be considered but will not be guaranteed for reimbursement.

PARAGON SERVICES, will partially reimburse eligible employees for training and courses that will enhance their personal skills and result in enhanced job performance. Managers are advised to discuss professional development needs with employees in advance to plan educational reimbursements as departmental budgeted expenditures.

- A. The maximum benefit will be a 70/30% split. PARAGON SERVICES will reimburse 30% the costs associated with educational courses up to \$1,500 per year per employee. Employee is to pay costs up-front and the Company will reimburse upon completion of class with passing grade and/or certification.
- B. Employees must be employed by PARAGON SERVICES for nine (9) months following completion of the course work or refund the amount of the reimbursement upon termination.
- C. Employees who do not receive a passing grade and/or certification, are not eligible for education reimbursement.

Upon attaining the designation, license, certification or grade, a copy must be given to Management.

Eligibility Requirements

- A. Full time employees are eligible to apply for reimbursement following the date of hire.
- B. Part time employees must be employed for at least one calendar year prior to being eligible.
- C. Must be job related/required
- D. Employees must not be on disciplinary probation
- E. Employees must obtain approval Executive Management

Payment/Reimbursement

Reimbursement will follow successful completion of the course work and only after written proof is submitted to indicate course(s) completion with a letter grade of "C" or better, or a "pass" for a pass/fail system.



TIME AWAY FROM WORK POLICIES

Vacation Policy

PARAGON SERVICES recognizes the benefit of periodic rest and relaxation away from work and, therefore, provides vacation without loss of pay or benefits to all regular full-time and regular part-time employees who have successfully completed their trial period.

When an employee resigns or is involuntarily terminated, all accrued and unused vacation benefits will be paid in the final paycheck. Vacation time is accruable, and is based upon the employee's hire date.

Vacation benefits are earned in accordance with the below schedule and there will be a maximum of days to be accrued and or carried over from year to year of ten (10) days. Once an employee reaches 30 days they will no longer accrue vacation time until vacation time has been taken to bring the balance to less than 30 days. Vacation must be taken in either four (4) or eight (8) hours increments only.

<u>Length of Service</u>	<u>Vacation Accrual</u>
0-3 years	10 days/year (3.3 hours per pay period)
3-6 years	12 days/year (4 hours per pay period)
6 - 10 years	15 days/year (5 hours per pay period)
10 years or more	20 days/year (6.67hours per pay period)

- Accruals are done on a per pay period basis
- When calculating years of service, PARAGON SERVICES will use the most recent hire date, unless otherwise stated in offer letter or by client request.

Employees must complete a 90-day trial period with PARAGON SERVICES before any vacation benefits may be used. Employees begin earning vacation upon their hire date but cannot take vacation time until after trial period is completed.

PARAGON SERVICES will review and approve vacation requests submitted with a minimum two (2) week request notice when in accordance with business operational needs.

Upon submittal of vacation request, employees will be asked to sign an Un-accrued Vacation Authorization Form if employee is requesting time off that requires using future vacation accruals prior to being earned. This authorizes PARAGON SERVICES to deduct used un-accrued vacation time from final paycheck if termination should occur prior to vacation time actually being accrued. Furthermore, when vacation time is taken, it is permanent and may not be deleted from one's record by making-up the time on an alternate day.

Personal Day

All PARAGON SERVICES employees are provided one (1) Personal Day per year (pro-rated per scheduled hours per week). This is available to all employees, immediately upon hire. The ninety (90) day trial period does not apply to the Personal Day benefit.

This day is NOT accruable, NOT carried over from year to year, and is NOT be compensated if not taken at the time of termination or by the end of the calendar year.

Sick Time Leave

All full-time, employees who have successfully completed their trial period are entitled to up to five (5) days



of paid sick time during each calendar year (pro-rated per scheduled work hours). Such sick leave benefits are available in the case of actual illness or injury to the employee or that of an employee's parent, child, spouse or domestic partner.

Employees who are unable to report to work due to illness or injury must contact their supervisor and the Executive Management as soon as possible, and no later than their normal starting time. When an employee is eligible for the sick day benefit, compensation is the employee's straight time hourly rate of pay or salary prorated for each day off. Any unused sick leave benefits at the end of the calendar year are forfeited. Employees may not receive any pay in lieu for the sick day benefit.

Sick time is not accruable. Once one's sick time has been expended, vacation time is utilized until depletion, and then time off is without pay. Sick time must be taken in either four (4) or eight (8) hour increments.

Any employee who is absent from work due to illness/injury and utilizing Sick Leave pay for three (3) or more consecutive days OR three (3) days absent from work within a two (2) week period for the same reason, will require a medical return to work release from a medical provider.

When an employee takes a sick day, it may not be erased, or forfeited by work done on another day. Each full-time employee is allotted five (5) sick days per calendar year, and once a sick leave day is taken it is recorded on that employee's record and considered permanent.

When employee leaves from work due to illness, thus a partial day of work, four (4) hours will be deducted from the sick time leave bank.

If sick leave is exhausted and additional time is needed away from work due to illness, employees may utilize vacation accruals to maintain compensation and/or request a leave of absence as described by the Leave of Absence Policy below.

Holiday Schedule

The following is the holiday schedule for PARAGON SERVICES. Religious practices of the employees will be accommodated unless it poses a hardship to the employer. (If time is taken for religious practices it is not considered a paid holiday. The employee is required to request vacation time or days of unpaid leave.) The following paid holidays are observed by PARAGON SERVICES:

New Year's Eve (1/2 day) & New Year's Day
President's Day
Memorial Day
Independence Day
Labor Day
Thanksgiving Day & Thanksgiving Friday
Christmas Eve (1/2 day) & Christmas Day

Paid holidays are not considered 'worked hours' and are not utilized in weekly overtime payment calculations. Paid holiday compensation is prorated to your scheduled work hours.

Non-Exempt employees who work on a designated PARAGON SERVICES paid holiday, will be compensated for the paid holiday hours and actual worked hours

If a holiday falls on a weekend date, the company will observe the paid holiday on the previous Friday or following Monday. In order to receive holiday pay, employees must be present and work their regularly scheduled hours, both the working day before the holiday and the working day after the holiday. Exceptions will be made for employees on pre-authorized vacation over a holiday.

Each year a holiday schedule will be issued prior to the commencement of a new year. **The holiday schedule will ultimately reflect upon site specific building schedules and may vary from the schedule listed.**

Bereavement Leave

In the case of the death of an immediate family member, a regular full-time employee who has completed the trial period will be eligible for three (3) days off with pay to attend the funeral or bereavement services. Approved paid bereavement days do not count against vacation accruals.

Immediate Family Defined for Bereavement Leave: an employee's spouse, parents, stepparents, siblings, children, stepchildren, grandparents, father-in-law, mother-in-law, or grandchildren.

Part-time or temporary employees may take up to three days off without pay to attend the funeral of an immediate family member. Time off in excess of three days is available with approval of the employee's supervisor.

Witness / Jury Duty

It is PARAGON SERVICES policy to enable its employees to fulfill their civic obligations. If an employee is called to serve on witness / jury duty, the employee is requested to notify his or her supervisor immediately.

Nonexempt Employees will be granted a three (3) paid days per year for the purpose of fulfilling jury or witness duty, any additional time will be unpaid.

Exempt Employees who work any portion of a workweek in which they also serve on jury or witness duty will receive their full salary for that workweek.

Verification from the Court Clerk of having been served will be required, and you will be expected to report or return to work for the remainder of your work schedule on any day you are dismissed from jury or witness duty.

Voting Time

If you cannot vote in a statewide public election before or after working hours, then you will be allowed sufficient time off to go to the polls. You must give at least three (3) days' notice to your Supervisor and Executive Management of the need to have unpaid time off to vote.

Personal Leave Of Absence (LOA)

PARAGON SERVICES recognizes that an employee may have a need to be excused from work in order to attend to personal situations beyond their control. The purpose of this policy is to outline the parameters for critical personal leaves.

Eligibility

Employees with one (1) consecutive year of continued employment (no break in service) may be eligible for a requested personal LOA based on staff requirements and project commitments at the time.

Approved periods of leave will be unpaid except where an employee elects to use accrued vacation to offset a loss in pay. The leave provided for in this policy is supplemental to any leave that may be required under



applicable laws such as the Family and Medical Leave Act (FMLA) and the Uniformed Services Employment and Reemployment Rights Act (USERRA).

Requesting Personal Leave

Any request for Personal LOA must be for a specified period, and directed to Executive Management via your department manager. Advance requests for leaves with documentation supporting the leave will be given priority status in determining leave time available and approval.

All leave requests should be accompanied by documentation supporting the necessity for the leave. PARAGON SERVICES reserves the right to restrict leaves or the duration of a leave if the leave will cause a major impact on business or any departmental operation. In emergency circumstances, an employee may submit a request for leave under this policy without supporting documentation; however, documented leave requests will receive priority attention in advance of undocumented leave requests.

Leave Duration

Personal leaves may be taken in a continuous block of time or sporadically as dictated by the period specified in the documented leave request. Under no circumstance will leave be approved in advance for continuous periods beyond two (2) payroll periods (or 30 days).

Benefit Plan Continuation

Upon approval of a Personal LOA, the company will permit health care continuation during such periods of leave to a maximum of one month on the same basis as active employees:

1. If employee is utilizing a portion or all of accrued vacation time during the LOA or
2. The employee pre-pays the health premiums prior to unpaid approved LOA

Other insurance coverage and 401(k) contributions will be suspended during periods of unpaid leave and reinstated upon return to active status. Employees in inactive unpaid LOA status will not accrued additional vacation time.

Family Medical Leave Act (FMLA)

Under this policy, PARAGON SERVICES will grant up to 12 weeks (or up to 26 weeks of military caregiver leave to care for a covered service member with a serious injury or illness) during a 12-month period to eligible employees. The leave may be paid, unpaid or a combination of paid and unpaid leave, depending on the circumstances of the leave and as specified in this policy. Employees will be required to first use any accrued paid leave time before taking unpaid medical leave, and such time will be credited towards their total leave time.

Eligibility

To qualify to take family or medical leave under this policy, the employee must meet the following conditions:

- The employee must have worked for the company for 12 months or 52 weeks. The 12 months or 52 weeks need not have been consecutive. Separate periods of employment will be counted, provided that the break in service does not exceed seven years. Separate periods of employment will be counted if the break in service exceeds seven years due to National Guard or Reserve military service obligations or when there is a written agreement, including a collective bargaining agreement, stating the employer's intention to rehire the employee after the service break. For eligibility purposes, an employee will be considered to have been employed for an entire week even if the employee was on the payroll for only part of a week or if the employee is on leave during the week.
- The employee must have worked at least 1,250 hours during the 12-month period immediately before the date when the leave is requested to commence. The principles established under the Fair Labor Standards Act (FLSA) determine the number of hours worked by an employee. The FLSA does not



include time spent on paid or unpaid leave as hours worked. Consequently, these hours of leave should not be counted in determining the 1,250 hours eligibility test for an employee under FMLA.

- The employee must work in a work site where 50 or more employees are employed by the company within 75 miles of that office or work site. The distance is to be calculated by using available transportation by the most direct route.

Type of Leave Covered

To qualify as FMLA leave under this policy, the employee must be taking leave for one of the reasons listed below:

- The birth, adoption, or foster care of an employee's child within 12 months following birth or placement of the child ("Bonding Leave");
- To care for a spouse, child or parent with a serious health condition ("Family Care Leave")
- An employee's inability to work because of a serious health condition ("Serious Health Condition Leave"); The serious health condition of the employee.
- A "qualifying exigency," as defined under the FMLA, for military operations arising out of a spouse's, child's, or parent's active duty or call to active duty as (a) a member of the military reserves or National Guard in support of a "contingency operation" declared by the U.S. Secretary of Defense, President or Congress, as required by law; or (b) a member of the Armed Forces who is on - or is called to - active duty in a foreign country ("Military Emergency Leave"); or
- To care for a spouse, child, parent or next of kin (nearest blood relative)—who is (a) an Armed Forces member (including the military reserves and National Guard) undergoing medical treatment, recuperation, or therapy, is otherwise in an outpatient status, or is otherwise on the temporary disability retired list—with a serious injury or illness incurred or aggravated in the line of duty while on active duty that may render the individual medically unfit to perform his or her military duties; or (b) a person who, during the five (5) years prior to the treatment necessitating the leave, served in the active military, Naval, or Air Service, and who was discharged or released therefrom under conditions other than dishonorable (a "veteran" as defined by the Department of Veteran Affairs) and who has a serious injury or illness incurred or aggravated in the line of duty while on active duty that manifested itself before or after the member became a veteran ("Military Caregiver Leave").

Employees with questions about what illnesses are covered under this FMLA policy or under the company's sick leave policy are encouraged to consult with the Human Resources.

Length of Leave

The maximum amount of FMLA Leave will be twelve (12) workweeks in any 12-month period when the leave is taken for: (1) Bonding Leave; (2) Family Care Leave; (3) Serious Health Condition Leave; and/or (4) Military Emergency Leave. However, if both spouses work for the Company and are eligible for leave under this policy, the spouses will be limited to a total of 12 workweeks off between the two of them when the leave is for Bonding Leave or to care for a parent using Family Care Leave. The Company utilizes a rolling 12 month period for this. The rolling 12-month period is measured backwards (rolls backward) from the last date of any FMLA Leave usage, and is capped at 12 weeks of FMLA Leave during that period.

You also have a right under the FMLA for up to twenty-six (26) weeks of unpaid leave in a single 12-month period to care for a covered service-member with a serious injury or illness. This single 12-month period commences on the first date you utilize such leave.

If both spouses work for the Company and are eligible for leave under this policy, the spouses will be limited to a total of 26 workweeks off between the two when the leave is for Military Caregiver Leave only or is for a combination of Military Caregiver Leave, Military Emergency Leave, Bonding Leave and/or Family Care Leave taken to care for a parent. When medically necessary, you may take FMLA Leave intermittently—



which means taking leave in blocks of time, or by reducing your normal weekly or daily work schedule. Leave taken intermittently may be taken in increments of no less than thirty (30) minutes.

To the extent required by law, some extensions to FMLA Leave may be granted when the leave is necessitated by an employee's work-related injury/illness or a "disability" as defined under the ADA and/or applicable state or local law. Certain restrictions on these benefits may apply. Although accommodations will be evaluated under the ADA and state law equivalents, the absolute right to reinstatement under the FMLA to the same or an equivalent job expires when FMLA Leave is exhausted.

Notice and Communication during Leave

Bonding, Family Care, Serious Health Condition, and Military Caregiver Leave Requirements: It is your obligation to notify Human Resources and keep them updated at least once a month regarding your ability and intent to return to work. You must also immediately notify Human Resources if there are any changes to your leave status. For example, if the dates of your Leave change or if you will need an extension of leave because you are medically unable to return to work, you must notify your immediate supervisor and Human Resources. In order to minimize the impact on operations it is your obligation to tell the Company as soon as possible after you learn that fact, rather than waiting until your leave is about to expire.

You are required to coordinate foreseeable absences and the scheduling of appointments (planned medical treatment) with your manager prior to the scheduling of the treatment or appointment and prior to contacting Executive Management regarding an FMLA request for time off. Foreseeable absences and scheduled appointments need to be set at a time and date that is the least disruptive operationally to the business unless there is a medical emergency or change in circumstances, subject to the approval of your health care provider. The Company requires at least 30 days advance notice to your supervisor and Executive Management for foreseeable absences or scheduled appointments, if possible, but no later than the next business day after scheduling such an appointment if it is made less than 30 days in advance. If such notice is not practicable, specific facts must be provided to Executive Management explaining the lack of advance notice. Providing inadequate notice of the foreseeable absence, with no reasonable excuse, may result in a request that you delay and reschedule the appointment or treatment (except in case of medical emergency or detriment), or denial of leave.

For unforeseeable intermittent leave and absences, you must provide advance notice as soon as practicable, generally following your department's normal call-in rules. Even in emergencies, reasonable advance notice of the absence is expected. If no unusual circumstances justify the failure to follow the reporting policy, FMLA-protected leave may be delayed or denied.

Absences and/or failures to comply with the Company's usual call-in procedure that are not FMLA-protected because of inadequate notice or otherwise covered by the ADA will be considered under the Company's normal absenteeism policies and procedures, and you may be subject to any associated discipline.

If you have not contacted or your manager at the end of your scheduled leave, and if you do not return to work, the Company will assume that you do not plan to return to work and you have terminated your employment. If you intend to report to work early, you need to inform Executive Management and your Supervisor at least two work-days prior to the date you intend to return to work.

Military Emergency Leave Requirements:

As much advance notice as is reasonable and practicable under the circumstances; A copy of the covered military member's active duty orders when the employee requests leave; and, A completed Certification of Qualifying Exigency form within 15 calendar days, unless unusual circumstances exist to justify providing the form at a later date. Certification forms are available from Executive Management.

Failure to Provide Certification and to Return from Leave:



Absent unusual circumstances, failure to comply with these notice and certification requirements may result in a delay or denial of the leave.

If you fail to return to work at your leave's expiration and have not obtained an extension of the leave, the Company may presume that you do not plan to return to work and have voluntarily terminated your employment.

Medical Certifications

You are required to furnish medical certification relating to your or your family member's serious health condition / birth certificate / adoption application / placement for foster care / military paperwork, as applicable based on your leave request. You must provide this documentation no later than 15 calendar days from your receipt of an FMLA designation letter, unless it is not practicable to do so despite your diligent good faith efforts.

If inadequate certification or no certification is received, your leave may be delayed or denied and any absences will not be FMLA protected. Absences not protected under the FMLA or ADA will be considered under the Company's attendance and absenteeism policies, and may result in discipline up to and including termination. Notify Executive Management immediately if you will not be able to provide the requested documentation by the deadline.

If this leave is for your own serious health condition, you are required to present a "fitness for duty" medical certification prior to being restored to employment. If such certification is not received, your return to work will be delayed until the certification is provided. Depending on the remaining medical limitations (if any), additional medical information may be requested to determine both your and the Company's rights and obligations (if any) regarding possible job accommodations under federal and state law.

While on leave, you may be obligated to provide medical re-certifications of your condition, no more often than every 30 days, unless you request a leave extension or the circumstances of the leave otherwise change. You will generally not be required to provide medical re-certifications for periods of treatment or incapacity that has a specified date in excess of thirty (30) days, unless otherwise permitted by law. In all cases, medical re-certifications may be requested every six months in connection with an absence.

Employee Status and Benefits during Leave

While an employee is on leave, the company will continue the employee's health benefits during the leave period at the same level and under the same conditions as if the employee had continued to work. Upon returning, PARAGON SERVICES will collect employee portions of premiums due through payroll deductions within one month, unless other payment arrangements have been made with Human Resources.

You are prohibited from working elsewhere while on FMLA Leave, including self-employment, without prior written permission from Executive Management.

"Key employees," as defined by law, may be subject to reinstatement limitations in some circumstances. If you are a "key employee," you will be notified of the possible limitations on reinstatement at the time you request a leave.

Use of Paid and Unpaid Leave

FMLA Leave is unpaid, but will run concurrently with available paid vacation time, and may run concurrently with any applicable insurance or disability benefits. This means that you will receive your paid leave and the leave will also be considered protected FMLA Leave but will not extend the length of your leave. When receiving insurance or disability benefits concurrently with FMLA Leave, with your consent, your paid sick and vacation banks of time will only be debited on a pro-rated basis so that you receive a full paycheck. For

example, if disability benefits provide a 66.6% wage benefit during your leave, your vacation bank of time will only be debited (with your consent) on a pro-rated basis for the remaining 33.3% of your wages. Employees may elect not to use prorated paid vacation or sick time when they are also receiving disability or workers' compensation wage replacement benefits. Paid sick time and vacation benefits do not continue to accrue during unpaid leaves of absence, including FMLA Leave.

Intermittent Leave or a Reduced Work Schedule

The employee may take FMLA leave in 12 consecutive weeks, may use the leave intermittently (take a day periodically when needed over the year) or, under certain circumstances, may use the leave to reduce the workweek or workday, resulting in a reduced-hour schedule. In all cases, the leave may not exceed a total of 12 workweeks (or 26 workweeks to care for an injured or ill service member over a 12-month period).

Procedure for Requesting FMLA Leave

All employees requesting FMLA leave must provide Human Resources with verbal or written notice of the need for the leave. Within five business days after the employee has provided this notice, the HR Department will provide the employee with the DOL Notice of Eligibility and Rights.

When the need for the leave is foreseeable, the employee must provide the employer with at least 30 days' notice. When an employee becomes aware of a need for FMLA leave less than 30 days in advance, the employee must provide notice of the need for the leave either the same day or the next business day. When the need for FMLA leave is not foreseeable, the employee must comply with the company's usual and customary notice and procedural requirements for requesting leave.

Designation of FMLA Leave

Within five business days after the employee has submitted the appropriate certification form, Human Resources will provide the employee with a written response to the employee's request for FMLA leave.

Intent to Return to Work from FMLA Leave

The company may require an employee on FMLA leave to report periodically on the employee's status and intent to return to work.

Fitness for Duty

The company developed and implemented a Fitness for Duty policy. "Fit for Duty" means an employee is able to perform the essential functions of the job for which he/she was hired in a safe and effective manner. Employees will be expected to be fit for duty during scheduled work hours.

If it is determined an employee may be unfit for duty under the terms of the Fitness for Duty Policy, an employee may be asked to submit to a medical fitness for duty examination, which may include urine analysis and other laboratory testing.

Pregnancy - Maternity Disability Leave

PARAGON SERVICES will grant an unpaid maternity disability leave if you are disabled because of your pregnancy, childbirth, or a related medical condition and not eligible for FMLA. If eligible for FMLA, approved maternity leave will run concurrently with FMLA.

If you are disabled due to pregnancy, childbirth, or a related medical condition, you may take up to a maximum two (2) months leave.

Notice & Certification Requirements

You must provide the Company with reasonable advance notice of your need for a pregnancy disability leave. In addition, you must provide the Company with a health care provider's statement certifying the last day you can work and the expected duration of your leave.

Compensation during Leave

Pregnancy disability leaves are without pay. However, you may utilize accrued vacation time and any other accrued paid time off during the leave. All of those payments will be integrated with any state disability or other wage reimbursement benefits that you may receive. At no time will you receive a greater total payment than your regular compensation.

If leave is unpaid, employees may continue group health insurance coverage through the Company by pre-paying monthly insurance premiums. This arrangement must be defined prior to LOA.

Fitness for Duty

The company developed and implemented a Fitness for Duty policy. "Fit for Duty" means an employee is able to perform the essential functions of the job for which he/she was hired in a safe and effective manner. Employees will be expected to be fit for duty during scheduled work hours. If it is determined an employee may be unfit for duty under the terms of the Fitness for Duty Policy, an employee may be asked to submit to a medical fitness for duty examination, which may include urine analysis and other laboratory testing.

Reinstatement

Upon the submission of a medical certification from a health care provider that you are able to return to work, you will, in most circumstances, be offered the same position held at the time of the leave or an equivalent position. However, you will not be entitled to any greater right to reinstatement than if you had been employed continuously rather than on leave. For example, if you would have been laid off if you had not gone on leave, and then you will not be entitled to reinstatement. Similarly, if your position has been filled in order to avoid undermining the Company's ability to operate safely and efficiently while you were on leave, and there is no equivalent position available, then reinstatement will be denied.

If upon return from a maternity disability leave you are unable to perform the essential functions of the job because of a physical or mental disability, the Company will attempt to accommodate you.

Military Duty Leave

PARAGON SERVICES is committed to protecting the job rights of employees absent on military leave. In accordance with federal and state law, it is the Company's policy that no employee or prospective employee will be subjected to any form of discrimination on the basis of that person's membership in or obligation to perform service for any of the Uniformed Services of the United States. Specifically, no person will be denied employment, reemployment, promotion, or other benefit of employment on the basis of such membership.

Furthermore, no person will be subjected to retaliation or adverse employment action because such person has exercised his or her rights under applicable law or this policy. If any employee believes that he or she has been subjected to discrimination in violation of this policy, the employee should immediately contact the Employee Benefits Representative responsible for the employee's division, or the Representative's supervisor if the Representative is unavailable or unable to be of assistance.

Eligibility

Employees taking part in a variety of military duties are eligible for benefits under this policy. Such military duties include leaves of absence taken by members of the uniformed services, including Reservists, National Guard members for training, periods of active military service, and funeral honors duty, as well as time spent

being examined to determine fitness to perform such service. Subject to certain exceptions under the applicable laws, these benefits are generally limited to five years of leave of absence.

Procedures for Military Leave

1. Unless military necessity prevents it, or is otherwise impossible or unreasonable, an employee should provide PARAGON SERVICES with notice of the need for leave as far in advance as is reasonable under the circumstances. Written notice is preferred, but not required under the law or this policy.
2. To request a temporary or extended military leave of absence, the employee should generally obtain a Request for Leave of absence Form from Human Resources. However, a written application is not required under the law or this policy.
3. Human Resources will review and sign the Request for Leave of Absence Form, collect any applicable insurance premiums from the employee, generate other applicable documents, and process accordingly.
4. Employees on temporary or extended military leave may, at their option, use any or all accrued paid vacation or personal leave during their absence.
5. When the employee intends to return to work, he or she must make application for reemployment to Human Resources within the application period set forth below.
6. If the employee does not return to work, the supervisor must notify Human Resources so that appropriate action may be taken.

Benefits

If an employee is absent from work due to military service, benefits will continue as follows:

1. An employee on extended military leave may elect to continue group health insurance coverage for the employee and covered dependents under the same terms and conditions for a period not to exceed 31 days from the date the military leave of absence begins. The employee must pay, per pay period, the premium normally paid by the employee. After the initial 31 day period, the employee and covered dependents can continue group health insurance up to 24 months at 102% of the overall (both employer and employee) premium rate. Be sure to elect your coverage and make the required payments to the Benefits Department in a timely manner to continue your coverage.
2. The group term life/AD&D insurance provided by the Company will terminate the day the employee becomes active military.
3. The group long term disability insurance provided by the Company will terminate the day the employee becomes active military.
4. Employees do not accrue vacation, personal leave or sick leave while on military leave of absence status.
5. With respect to the Company's retirement plan, upon reemployment, employees who have taken military leave will be credited for purposes of vesting with the time spent in military service and will be treated as not having incurred a break in service. Immediately upon reemployment, the employee may, at the employee's election, make any or all employee contributions that the employee would have been eligible to make had the employee's employment not been interrupted by military service. Such contributions must be made within a period that begins with the employee's reemployment and that is not greater in duration than three times the length of the employee's military service. Employees will receive all associated company match for such contributions.
6. Voluntary supplemental life/AD&D insurance will terminate the day the employee becomes active military. Converting to an individual policy may continue voluntary dependent life insurance coverage. To exercise this conversion option, dependents must submit a written application and the first premium payment within 31 days immediately following the termination of coverage.

Reemployment

Upon an employee's prompt application for reemployment (as defined below), an employee will be reinstated to employment in the following manner depending upon the employee's period of military service:

1. *Less than 91 days of military service* - (i) in a position that the employee would have attained if employment had not been interrupted by military service; or (ii) if found not qualified for such position after reasonable efforts by the Company, in the position in which the employee had been employed prior to military service.
2. *More than 90 days and less than 5 years of military service* - (i) in a position that the employee would have attained if employment had not been interrupted by military service or a position of like seniority, status and pay, the duties of which the employee is qualified to perform; or (ii) if proved not qualified after reasonable efforts by the Company, in the position the employee left, or a position of like seniority, status and pay, the duties of which the employee is qualified to perform.
3. *Employee with a service-connected disability* - if after reasonable accommodation efforts by the employer, an employee with a service-connected disability is not qualified for employment in the position he or she would have attained or in the position that he or she left, the employee will be employed in (i) any other position of similar seniority, status and pay for which the employee is qualified or could become qualified with reasonable efforts by the Company; or (ii) if no such position exists, in the nearest approximation consistent with the circumstances of the employee's situation.

Application for Reemployment

An employee who has engaged in military service must, in order to be entitled to the reemployment rights set forth above, submit an application for reemployment according to the following schedule:

1. *If service is less than 31 days (or for the purpose of taking an examination to determine fitness for service)* - the employee must report for reemployment at the beginning of the first full regularly scheduled working period on the first calendar day following completion of service and the expiration of eight hours after a time for safe transportation back to the employee's residence.
2. *If service is for 31 days or more but less than 181 days* - the employee must submit an application for reemployment with Human Resources no later than 14 days following the completion of service.
3. *If service is over 180 days* - the employee must submit an application for reemployment with Human Resources no later than 90 days following the completion of service.
4. *If the employee is hospitalized or convalescing from a service-connected injury* - the employee must submit an application for reemployment with Human Resources no later than two years following completion of service.

Exceptions to Reemployment

In addition to the employee's failure to apply for reemployment in a timely manner, an employee is not entitled to reinstatement as described above if any of the following conditions exist:

1. The Company's circumstances have so changed as to make reemployment impossible or unreasonable
2. Reemployment would pose an undue hardship upon PARAGON SERVICES.
3. The employee's employment prior to the military service was merely for a brief, non-recurrent period and there was no reasonable expectation that the employment would have continued indefinitely or for a significant period.
4. The employee did not receive an honorable discharge from military service.

General Benefits upon Reemployment

Employees reemployed following military leave will receive seniority and other benefits determined by seniority that the employee had at the beginning of the military leave, plus any additional seniority and

benefits the employee would have attained, with reasonable certainty, had the individual remained continuously employed. An employee's time spent on active military duty will be counted toward their eligibility for FMLA leave once they return to their job at PARAGON SERVICES. Additionally, upon reemployment, a covered employee will not be discharged except for cause for up to one year following reemployment.

Documentation

An employee's manager will, upon the employee's reapplication for employment, request that the employee provide The Company with military discharge documentation to established the timeliness of the application for reemployment, the duration of the military service, and the honorable discharge from the military service.





ANTI-HARASSMENT & DISCRIMINATION POLICY

PARAGON SERVICES strives to maintain a work environment free of unlawful harassment. Unlawful harassment includes verbal or physical conduct that has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment. Actions based on an individual's age 40 and over, race, sex, sexual orientation, sex status, color, religion, national origin, ethnicity, disability, genetic information, or any other applicable status protected by state or local law will not be tolerated. Prohibited behavior may include but is not limited to the following:

- Written form such as cartoons, email, posters, drawings or photographs
- Verbal conduct such as epithets, derogatory comments, slurs, negative stereotyping or jokes; comments which are not flattering regarding a person's nationality, origin, race, color, religion, gender, sexual orientation, age, body disability, or appearance.
- Non-verbal: Distribution, display or discussion of any written or graphic material that ridicules, denigrates, insults, belittles, or shows hostility or aversion toward an individual, or group because of national origin, race color, religion, age, gender, sexual orientation, pregnancy, appearance disability, marital or other protected status
- Physical conduct such as assault, or blocking an individual's movements

This policy prohibits such conduct on the part of individuals at all levels of PARAGON SERVICES, as well as visitors, board members, consultants, interns, vendors, clients and guests. Any individual who feels he or she is affected by a violation of this policy, or who knows of a violation affecting another employee's work environment, should immediately report the matter in accordance with the complaint procedure set forth below.

PARAGON SERVICES strives to create and maintain a work environment in which people are treated with dignity, decency and respect. The environment of PARAGON SERVICES should be characterized by mutual trust and not of intimidation, oppression and exploitation. Employees should be able to work and learn in a safe, yet stimulating atmosphere.

For that reason, PARAGON SERVICES will not tolerate unlawful discrimination or harassment of any kind. Through enforcement of this policy and by education of employees, PARAGON SERVICES will seek to prevent, correct and discipline behavior that violates this policy.

All employees, regardless of their status, are covered by this policy and are expected to comply with this policy, and to take appropriate measures to ensure that prohibited conduct does not occur. PARAGON SERVICES employees are protected from harassment from other employees, supervisors, other management, board members, and from any external sources such as: other people coming into the workplace (vendor, repair/maintenance, etc.) or if outside of the workplace, any other professionals that the employee may come into contact with through the course of their job. Appropriate disciplinary action will be taken against any employee who violates this policy. Based upon the seriousness of the offense, disciplinary action may include verbal or written reprimand, suspension, or termination of employment.

Sexual Harassment

Sexual harassment in any form is prohibited under this policy. Sexual harassment is a form of discrimination and is unlawful under Title VII of the Civil Rights Act of 1964. According to the Equal Employment Opportunity Commission (EEOC), sexual harassment is defined as "unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature... when submission to or rejection of such conduct is used as the basis for employment decisions... or such conduct has the purpose or effect of creating an intimidating, hostile, or offensive working environment."

Sexual harassment includes unsolicited and unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature, when such conduct:

- a) Is made explicitly or implicitly a term or condition of employment, or
- b) Is used as a basis for an employment decision, or
- c) Unreasonably interferes with an employee's work performance or creates an intimidating, hostile, or otherwise offensive environment.

Sexual harassment refers to behavior that is unwelcome, personally offensive, and lowers morale and therefore interferes with work effectiveness. Sexual harassment may take different forms.

Examples of conduct that may constitute sexual harassment are:

- (1) Verbal: Sexual innuendoes, suggestive comments, jokes of a sexual nature, sexual propositions, lewd remarks, threats. Requests for any type of sexual favor (this includes repeated, unwelcome requests for dates). Verbal abuse or "kidding" which is oriented towards a prohibitive form of harassment, including that which is sex oriented and considered unwelcome.
- (2) Non-verbal: The distribution, display, or discussion of any written or graphic material, including calendars, posters, and cartoons that are sexually suggestive, or shows hostility toward an individual or group because of sex; suggestive or insulting sounds; leering; staring; whistling; obscene gestures; content in letters and notes, facsimiles, email, that is sexual in nature.
- (3) Physical: Unwelcome, unwanted physical contact, including but not limited to, touching, tickling, pinching, patting, brushing up against, hugging, cornering, kissing, fondling; forced sexual intercourse or assault.

Normal, courteous, mutually respectful, pleasant, non-coercive interactions between employees, including men and women, that are acceptable to and welcomed by both parties, are not considered to be harassment, including sexual harassment.

What you should do if you are a victim of sexual harassment:

- a) If you are the recipient of any unwelcome gesture or remark of a sexual nature, do not remain silent. Make it clear to the harasser that you find such conduct offensive and unwelcome, and state clearly that you want the offensive conduct to stop at once.
- b) Consider going to your supervisor or the supervisor of the person harassing you for help. You may also do so if you find it uncomfortable to confront the individual engaging in the offensive conduct.
- c) If the conduct does not stop after you speak with the harasser, you should then notify the Executive Management and your supervisor.
- d) Review the complaint policy set forth in this document. If you decide to file a complaint, please contact the Executive Management and fill out a complaint form.
- e) You may wish to keep a written log of all incidents of harassment, noting the date and time, place and persons involved, and any witnesses to the event.

Retaliation

It is a violation of this policy to take any adverse action against an employee because that employee has made a good faith complaint about or participated in an investigation concerning proscribed harassment, discrimination or retaliation.



Retaliation or attempted retaliation is a violation of this policy and anyone who does so will be subject to disciplinary action up to and including termination.

Complaint Process

Any person electing to utilize this complaint resolution policy will be treated courteously, the issue handled swiftly and as confidentially as feasible in light of the need to take appropriate corrective action, and the registering of a complaint will in no way be used against the employee, nor will it have an adverse impact on the individual's employment status. While reporting such incidents would be a difficult personal experience, allowing harassment activities to continue will most certainly lead to less desirable outcomes. For that reason, employees are strongly urged to utilize this policy.

During the complaint process:

1. Once an individual discloses identifying information, and such information is sufficiently complete and specific to state a claim of discrimination, harassment or retaliation, he or she will be considered to have filed a complaint with management.
2. Management will take prompt responsive action upon receipt of a complaint unless the complainant expressly requests that no action be taken and PARAGON SERVICES determines in the exercise of their sole discretion (based upon legal advice) that federal, state or local laws do not mandate action.
3. While the confidentiality of the information received, the privacy of the individuals involved, and the wishes of the complaining person regarding action by management cannot be guaranteed in every instance, they will be protected to as great a degree as is legally possible. The expressed wishes of the complaining person for confidentiality will be considered in the context of the organization's legal obligation to act upon the charge and the right of the charged party to obtain information. In most cases, however, confidentiality will be strictly maintained by the organization and those involved in the investigation.
4. During the investigative process, any notes or documents written by or received by the person(s) conducting the investigation will be kept confidential to the extent not violating any existing state or federal law.

Complaint Policy

The following complaint policy will be followed in order to address a complaint regarding harassment, discrimination, or retaliation.

- 1) A person who feels harassed, discriminated or retaliated against may initiate the complaint process by making a written or oral complaint with the Executive Management. The complainant (the employee making the complaint) may use a complaint form provided by Human Resources. If a supervisor or manager becomes aware that harassment or discrimination is occurring, either from personal observation or as a result of an employee coming forward, the supervisor or manager should immediately report it to the Executive Management.
- 2) Upon receiving the complaint or being advised by a supervisor or manager that violation of this Policy may be occurring, the Executive Management will review the complaint with the director of the department in which the alleged harassment or discrimination is occurring.
- 3) The Executive Management will:
 - a) Review the complaint with the person(s) charged with harassment, discrimination or retaliation;
 - b) Initiate an investigation to determine whether there is a reasonable basis for believing that the alleged violation of this Policy occurred.

- 4) During the investigation, the Executive Management, together with a management employee, will interview the complainant, the respondent, and any witnesses, to determine whether the conduct complained of can be substantiated.
- 5) If it is determined that harassment or discrimination in violation of this company's Policy has been substantiated, the Executive Management will recommend that appropriate disciplinary action to be taken by the organization. The appropriate action will depend on a number of factors, including but not limited to, (i) The severity, frequency and pervasiveness of the conduct; (ii) Prior complaints made by the complainant; (iii) Prior complaints made against the respondent; and (iv). The quality of the evidence (first-hand knowledge, credible corroboration etc.).
- 6) If the investigation is inconclusive or it is determined that there has been no harassment or discrimination in violation of this policy, but some potentially problematic conduct is revealed, preventative action may be taken.
- 7) Executive Management will meet with the complainant and the respondent separately, in order to notify them in person of the findings of the investigation and to inform them of the action being recommended by the Executive Management.
- 8) The complainant and the respondent may submit statements to the Executive Management challenging the factual basis of the findings. Any such statement must be submitted no later than five (5) working days after the meeting with the Executive Management in which the findings of the investigation is discussed.
- 9) After the Executive Management meets with the complainant and respondent, the Leadership Team will review the investigative report and any statements submitted by the complainant or respondent, discuss results of the investigation with the Executive Management and other management staff as may be appropriate, and decide what action, if any, will be taken. The Executive Management will report the decision to the complainant, the respondent, and the director assigned to the department(s) in which the complainant and the respondent work. The decision will be in writing and will include finding of fact and a statement for or against disciplinary action. If disciplinary action is to be taken, the action will be stated.

Alternative Legal Remedies

Nothing in this policy shall prevent the complainant or the respondent from pursuing formal legal remedies or resolution through state or federal agencies or the courts. Each employee has an affirmative duty to maintain a workplace free from such harassing or discriminatory behavior. This duty includes discussing this policy with all employees, explaining the reporting procedure, and assuring them that they are not expected to endure intimidating, insulting, degrading, or exploitative sexual or discriminatory treatment.

Workplace Bullying

PARAGON SERVICES defines bullying as "repeated inappropriate behavior, either direct or indirect, whether verbal, physical or otherwise, conducted by one or more persons against another or others, at the place of work and/or in the course of employment." Such behavior violates the company code of ethics, which clearly states that all employees will be treated with dignity and respect.

The purpose of this policy is to communicate to all employees, including supervisors, managers and executives, that the company will not tolerate bullying behavior. Employees found in violation of this policy will be disciplined up to and including termination.

Bullying may be intentional or unintentional. However, it must be noted that where an allegation of bullying is made, the intention of the alleged bully is irrelevant and will not be given consideration when meting out discipline. As in sexual harassment, it is the effect of the behavior upon the individual that is important. PARAGON SERVICES considers the following types of behavior examples of bullying:

- Verbal bullying: Slandering, ridiculing or maligning a person or his/her family; persistent name calling that is hurtful, insulting or humiliating; using a person as the butt of jokes; abusive and offensive remarks
- Physical bullying: Pushing, shoving, kicking, poking, tripping, assault or threat of physical assault; damage to a person's work area or property.
- Gesture bullying: Nonverbal threatening gestures or glances that convey threatening messages.
- Exclusion: Socially or physically excluding or disregarding a person in work-related activities.

Non-Discrimination

Employees with questions or concerns about discrimination or harassment in the workplace are encouraged to bring these issues to the attention of their supervisor. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in unlawful discrimination or harassment will be subject to disciplinary action, including possible termination of employment.





POLICY AGAINST WORKPLACE VIOLENCE

PARAGON SERVICES recognizes that violence in the workplace is a growing nationwide problem necessitating a firm, considered response by employers. The costs of workplace violence are great, both in human and financial terms. We believe that the safety and security of PARAGON SERVICES employees is paramount. Therefore, the Company has adopted this policy regarding workplace violence. Acts or threats of physical violence, including intimidation, harassment, and/or coercion, that involve or affect the Company or while conducting Company business off Company property will not be tolerated.

This prohibition against threats and acts of violence applies to all persons involved in Company operations including, but not limited to, PARAGON SERVICES personnel, contract workers temporary employees, and anyone else on Company property or in the conduct of Company business.

Violations of this policy, by any individual, will lead to disciplinary and/or legal action as appropriate.

Definitions

Workplace violence is any intentional conduct that is sufficiently severe, offensive, or intimidating to cause an individual to reasonably fear for his or her personal safety or the safety of his or her family, co-workers, friends, and/or property such that employment conditions are altered or a hostile, abusive, or intimidating work environment is created for one or several PARAGON employees.

Workplace violence may involve any threats or acts of violence occurring on Company premises, regardless of the relationship between the Company and the parties involved in the incident. It also includes threats or acts of violence that affect the business interests of the Company or that may lead to an incident of violence on Company premises.

Specific examples of conduct that may constitute threats or acts of violence under this policy include, but are not limited to, the following:

- a. Threats or acts of physical or aggressive contact directed toward another individual;
- b. Threats or acts of physical harm directed toward an individual or his/her family, friends, associates, or property;
- c. The intentional destruction or threat of destruction of Company property or another employee's property;
- d. Harassing or threatening phone calls;
- e. Surveillance;
- f. Stalking;
- g. Veiled threats of physical harm or similar intimidation; and/or
- h. Any conduct resulting in the conviction under any criminal code provision relating to violence or threats of violence that adversely affects PARAGON SERVICES legitimate business interests.

Employees should help maintain a violence-free workplace. To that end, employees are encouraged to immediately report any incident of violence or threatened violence to a supervisor, manager, Human Resources or Executive Management.

Enforcement

Any person who engages in a threat or violent action on Company property may be removed from the premises as quickly as safety permits and may be required, at the Company's discretion, to remain off the Company's premises pending the outcome of an investigation of the incident.

Once a threat of workplace violence has been substantiated, it is the Company's policy to put the perpetrator on notice that he/she will be held accountable for his/her actions and then implement a specific and appropriate response. When threats of workplace violence are made or acts of violence are committed by employee(s), a judgment will be made by the Company as to what actions are appropriate, including possible disciplinary action up to and including termination of employment or contact of legal authorities.

Under this policy, decisions may be needed to prevent a threat from being carried out, a violent act from occurring, or a life-threatening situation from developing. No existing policy or procedure of PARAGON SERVICES should be interpreted in a manner that prevents the making of these necessary decisions.

Important Note: PARAGON SERVICES will make the sole determination of whether, and to what extent, threats or acts of violence will be acted upon by the Company. In making this determination, the Company may undertake a case-by-case analysis in order to ascertain whether there is a reasonable basis to believe workplace violence has occurred. No provision of this policy shall alter the "at-will" nature of employment at PARAGON SERVICES.





DRUG & ALCOHOL SUBSTANCE FREE WORKPLACE

PARAGON SERVICES believes that it is important to promote a drug-free community, to maintain safe, healthy, and efficient operations, and to protect the safety and security of the employees, facilities, and property of the Company. Drugs or alcohol may pose serious risks to the user and all those who work with the user. In addition, the use, possession, sale, transfer, manufacture, distribution, and dispensation of alcohol or illegal drugs in the workplace pose unacceptable risks to the maintenance of a safe and healthy workplace and to the security of Company employees, facilities, and property.

Substance abuse, while at work or otherwise, seriously endangers the safety of employees, as well as the general public, and creates a variety of workplace problems, including increased injuries on the job, increased absenteeism, increased health care and benefit costs, increased theft, decreased morale, decreased productivity, and a decline in the quality of products and services provided by the Company. For all of those reasons, the Company has established this Substance Abuse Policy.

This Policy [and acknowledgment] is not intended to and does not constitute a contract of employment with the Company. Your employment with the Company is "at will," and either you or the Company may terminate your employment with the Company at any time, and for any or no reason. No supervisor or manager has any authority to make any statements or representations to you that change or conflict with the at-will status of your employment with the Company, or that change or conflict with any of the provisions of this Policy. The at-will status of your employment with the Company can be modified only by an express written employment agreement signed by you and a Principal of the Company.

This Policy supersedes and revokes all previous practices, procedures, policies, and other statements of the Company, whether written or oral, that modify, supplement, or conflict with this Substance Abuse Policy. This Policy may be amended at any time.

Policy Scope

This Policy applies to all Company employees, including management, administration, and temporary employees, and to all applicants who have received conditional offers of employment with the Company. The policy also applies to all vendors and contractors who perform work at any of our facilities. Depending upon their specific job duties, certain employees may be subject to additional testing requirements under client requirements or state or federal regulations.

Definitions

Illegal Drugs

"Illegal drugs" means any controlled substance, medication, or other chemical substance that (1) is not legally obtainable; or (2) is legally obtainable, but is not legally obtained, is not being used legally, or is not being used for the purpose(s) for which it was prescribed or intended by the manufacturer.

Thus, "illegal drugs" may include over-the-counter medications, if they are not being used for the purpose(s) for which the manufacturer intended them.

Legal Drugs

"Legal Drugs" means prescribed or over-the-counter drugs that are legally obtained by the employee and used for the purpose(s) for which the manufacturer intended them.

Company Property

"Company property" and "Company equipment, machinery, and vehicles" means all property, buildings, facilities, offices, parking lots, desks, cabinets, lockers, closets, equipment, machinery, tools, and vehicles, etc., owned, leased, rented, or used by the Company.

On Duty

"On duty" means all working hours, as well as meal periods and break periods, regardless of whether on Company property, and all hours when an employee represents the Company in any capacity.

Positive Drug Test

"Positive Drug Test" means, for the purpose of this policy, a confirmed positive test showing the presence of an illegal drug or its metabolite in the tested individual's test sample.

Positive Alcohol Test

"Positive Alcohol Test" means a confirmed positive test showing the presence of .04 or more alcohol in the tested employee's system.

Post-Accident

"Post-Accident" means that the employee has been involved in a workplace accident or an incident that qualifies as OSHA recordable, or that results in property damage estimated at or in excess of five hundred dollars (\$500).

Reasonable Suspicion

"Reasonable Suspicion" means either (a) reason to believe an employee is currently affected by alcohol, drugs or a controlled substance, based upon specific personal observations of the supervisor concerning behavior, speech, or body odors; or (b) evidence of other specific contemporaneous physical, behavioral or performance indicators suggesting that the employee has violated this Policy.

Contraband

"Contraband" means any item such as illegal drugs, drug paraphernalia or other related items whose possession is prohibited by this policy.

Work Rules

Substance Abuse by Employees

Alcohol

Employees may not use, possess, sell, or transfer alcohol while on duty, while working, while on Company property, or while operating Company equipment, machinery, or vehicles. Employees may not work or report to work with alcohol in their systems.

Employees who violate either of these rules will be subject to discipline, up to and including immediate discharge. The Company may make exceptions to these rules for certain business or social functions sponsored or approved by the Company.

Illegal Drugs

Employees may not possess illegal drugs or engage in the illegal use of drugs while on duty, while working, while on Company property, or while operating Company equipment, machinery, or vehicles.

Employees may not work or report to work with illegal drugs or the metabolites of illegal drugs in their systems. Employees may not manufacture, distribute, dispense, transfer, or sell illegal drugs. Employees who violate any of these rules will be subject to immediate discharge.

Legal Drugs/Medications

Any employee who has reason to believe that the legal use of drugs, such as a prescribed medication, may pose a safety risk to any person or interfere with the employee's performance of his or her job, must report such legal drug use to his or her supervisor. The Company shall then determine whether any work restriction or limitation is required. Failure to report the legal use of a drug that may pose a safety risk could result in disciplinary action.

Criminal Drug Convictions

Any employee who is convicted of violating any criminal drug statute while in the workplace will be subject to immediate discharge.

Employees are required to report any criminal drug statute conviction occurring in the workplace to human resources within five (5) days.

Inspection of Property, Equipment & Vehicles

All persons on Company property or who are performing services on a Company project, and all property, equipment, and vehicles on Company property or being used in connection with the performance of work on a Company project (including without limitation all vehicles, containers, desks, and file cabinets), are subject to unannounced inspection by the Company.

You should not expect that any property or items that you bring to work with you or that you use at work are private. If you do not want any property or items inspected, do not bring them to work. Such inspections may occur at any time, and either in the presence or outside the presence of the affected employees.

Employees who refuse to cooperate with inspections under this Policy will be subject to discipline, up to and including immediate discharge.

Drug & Alcohol Testing

The Company may require that employees and applicants provide urine, blood, breath, and/or other samples for drug and alcohol testing under any of the following circumstances:

Reasonable Suspicion Testing

The Company may require employees to submit to a drug and/or alcohol test when there is reasonable suspicion to believe that the employee may be using or is under the influence of illegal drugs and/or alcohol, or is otherwise in violation of this policy. Therefore, drugs, alcohol, or paraphernalia possibly used in connection with illicit drugs found on the employee's person or at or near the employee's work area may trigger a request for a reasonable suspicion test.

Reasonable Suspicion-less Testing

The Company will conduct random and/or suspicion-less drug testing of all employees on an unannounced basis. Individuals will be selected for random testing from the pool of employees subject to such testing using a neutral, objective selection method, and once selected for testing, no individual may be waived from the testing process. Random selections will be made at various times throughout the year and will be spread so as to be unpredictable.

The Company may also elect to conduct unannounced suspicion-less tests of employees based on their location or job description in an effort to protect safety or productivity, quality of products, or the security of property or information.

Post-Accident Testing

Each employee involved in an OSHA-recordable accident will be tested for drugs and alcohol as soon as possible after the accident but after any necessary emergency medical attention has been provided. OSHA-recordable accidents are those accidents that result in: medical treatment other than first-aid treatment, loss of consciousness, restriction of work or motion, or a transfer to another job. Additionally, any accident in which there is property damage estimated to be valued at or in excess of five hundred dollars (\$500.00) will trigger a post-accident test.

An employee may be suspended without pay pending the results of this test and any related investigation. However, the time for transportation to and from the testing site, and time spent for testing is fully compensated. Also, employees who have been suspended without pay will be reinstated with full back pay if they test negative on the test or on the retesting of the specimen.

Follow-Up Testing

Employees who have tested positive on a drug and/or alcohol test, or who have sought assistance for drug and/or alcohol dependence, may be required to submit to unannounced random follow-up testing, for a period of up to 60 months, as determined by the Company, in consultation with the individual's treatment provider. Also, employees who violate this policy who seek to return to work will be required to take and pass a drug and/or alcohol test as one of the conditions of continued employment before returning to work.

Refusals to Test

Job applicants, employees, and contractors who refuse to submit to a drug and/or alcohol test when requested will be considered insubordinate and subject to disciplinary action, up to and including termination. Attempts to adulterate, substitute, dilute, tamper with, or otherwise evade the testing process will be treated as a refusal to test.

Testing Guidelines.

The Company will test for the following types of substances: Marijuana, Cocaine; including crack; Opiates, including heroin and codeine; Amphetamines, including methamphetamines; Phencyclidine (PCP); Alcohol

Other drugs may be added to this list, at the Company's discretion. Where applicable, the Company will follow federal testing procedures set forth in 49 CFR Part 40, which are the rules adopted by the Department of Transportation for testing employees in the transportation industry. These rules may be amended from time to time.

If the employee is a registered medical marijuana cardholder, please provide appropriate documentation at the time of testing.

Specimen Collection & Testing Procedures

Scheduling of Tests

All alcohol impairment or drug testing will normally occur during, or immediately before or after a regular work period. The Company will provide transportation or reimburse reasonable transportation costs to and from the testing facility. The time for testing and transportation is considered work time and employees will be paid their normal hourly rate during the testing and travel time.

Test Subject Privacy

Appropriate professional personnel will supervise the collection of urine and blood specimens for testing. In the absence of a reasonable suspicion that the test subject will alter or substitute a urine specimen, the collection personnel will not directly observe the collection of the urine specimen.

Chain of Custody Procedures

The Company will take steps to preserve the chain of custody of specimens, in order to ensure testing accuracy.

Specimen Testing Procedures

Only laboratories that are properly approved to conduct drug and alcohol testing by the federal Department of Health and Human Services, the College of American Pathologists, or the Arizona Department of Health Services will test specimens.

Specimens will be tested only for the presence of alcohol, illegal drugs, and their metabolites. The Company will rely only on positive initial screening test results that also have been confirmed by gas chromatography/mass spectrometry or other methods of confirmatory analysis provided for by the federal Department of Health and Human Services, the College of American Pathologists, or the Arizona Department of Health Services ("confirmatory test").

Cost of Testing

The Company will pay for all drug and alcohol testing that it requests or requires.

Suspensions Pending Test Results

Pending receipt of test results and written explanations and requests for retests of positive confirmatory test results, employees may be temporarily suspended. If an employee is suspended and the final confirmatory test result is negative, the employee will be reinstated immediately with full back pay.

Test Result Reports

The Company will promptly communicate test results to test subjects. Any test subject may request a written copy of his or her test result report.

Confidentiality of Test Results

The Company will not disclose test results to third parties except as authorized by the test subject or as authorized, permitted, or required by applicable law. Only employees with a business need to know will be made aware of the test results within the Company.

Human Resources will maintain all drug and alcohol-test records, and records concerning substance-abuse treatment, confidentially. Test results may be disclosed to another member of management on a need-to-know basis and to the employee upon request. Disclosures without employee consent may also occur when: the information is compelled by law or judicial or administrative process; the information has been placed at issue in a formal dispute between the Company and the employee or job applicant; and/or the information is needed by first-aid, safety, or medical personnel for the diagnosis or treatment of an employee who is unable to authorize disclosure.

Consequences of Refusal

Employees may refuse to undergo drug and alcohol testing. However, employees who refuse to undergo testing or who fail to cooperate with the testing procedures will be subject to discipline, up to and including immediate discharge.

Right to Explain Test Results

Any test subject who tests positive on a confirmatory test on any drug and alcohol test required by the Company may:

- Submit additional information to the Medical Review Officer, in a confidential setting, to try to explain the confirmed positive test result; and
- Request in writing a confirmatory retest of the original sample, at his or her own expense, provided that the Medical Review Officer or Human Resources must receive the request within five (5) working days after the test subject has been informed of the confirmed positive test result.

Confirmatory retests requested and paid for by the test subject may be conducted only by laboratories that are properly approved to conduct drug and alcohol testing by the federal Department of Health and Human Services, the College of American Pathologists, or the Arizona Department of Health Services.

Consequences of Confirmed Positive Test Results

Any employee who refuses to take, or who tests positive on a confirmatory test on any drug and alcohol test required by the Company and who does not timely and successfully refute the test results by explanation or retesting will be subject to discipline, up to and including immediate discharge.

Any employee who refuses to take, or who tests positive on a confirmatory test on any drug and alcohol test required by the company and who does not timely and successfully refute the test results by explanation or re-testing and who is discharged may be subject to loss of unemployment insurance benefits.

Any employee who refuses to take, to cooperate with, or who tests positive on a confirmatory test on any drug and alcohol test required by the company after a workplace accident or injury and who does not timely and successfully refute the test results by explanation or re-testing may be subject to loss of workers' compensation benefits.

Methods of Intervention for Suspected Alcohol or Drug Problems

The Company regards its employees as its most valuable asset. To protect the welfare, health and safety of co-employees, our customers, and the public, all employees have an obligation to report suspected alcohol or illegal drug use to their supervisor or human resources.

Leave the treatment and counseling of persons with an abuse problem to the professionals. These employees should be evaluated by a professional, such as a physician, psychologist, substance abuse counselor, or others with knowledge of abuse and clinical experience in the diagnosis and treatment of alcohol and drug related disorders.

No employee will be subject to discipline for voluntarily seeking assistance or substance abuse treatment. An employee may not, however, avoid discipline for violating the Substance Abuse Policy or for poor performance by seeking this assistance after the employee is referred for testing pursuant to this Policy or after the employee's misconduct has justified disciplinary action. In addition, an employee's participation in a referred substance abuse treatment program will not excuse the employee from being required to meet all of the same standards and qualifications for the job that apply to other employees, including performance, attendance, and other measures.

The Company will conduct drug-free awareness programs periodically. These programs will inform employees about the following:

1. The dangers of drug and alcohol abuse in the workplace;
2. The Company's policy of maintaining a drug and alcohol-free workplace;
3. Available drug and alcohol counseling, rehabilitation, and employee assistance programs; and
4. The sanctions that may be imposed for drug and alcohol abuse violations.



Employees are encouraged to approach their supervisor at any time with any questions they have about the Company's Substance Abuse Policy. If otherwise eligible, employees may utilize unpaid Family and Medical Leave for alcohol or drug rehabilitation programs. Contact the human resources for further details or questions.

The use of prescription drugs and/or over-the-counter drugs may also affect an employee's job performance and seriously impair an employee's value to the Company. An employee who is using prescription or over-the-counter drugs which may impair his or her ability to safely perform the job or may affect the safety or well-being of others must submit a physician's statement that the prescription drug use will not affect job safety.

The employee is not required to identify the medication or the underlying illness. Various federal, state, and local laws protect the rights of individuals with disabilities and others with regard to the confidentiality of medical information, medical treatment, and the use of prescription drugs and substances taken under medical supervision. Nothing contained in this policy is intended to interfere with individual rights under, or to violate, these laws.

Medical Marijuana Policy

In accordance with the Arizona Medical Marijuana Act, the Company will not discriminate against a person in hiring, terminating or imposing any term or condition of employment or otherwise penalize a person based on either; (1) the person's status as a cardholder, or (2) a registered qualifying employee's positive drug test for marijuana components or metabolites, unless the employee used, possessed or was impaired by marijuana on the Company's premises or during working hours.

Prescribed Medication

Employees employed in a position posing a threat to safety as defined hereinafter, using prescribed drugs that have warning labels about safely operating machinery or equipment or non-prescription medication which may have any side effects that could affect their ability to safely and competently perform job duties and which may impact the safety of others must notify Human Resources in writing of the substance taken and of the potential side effects before reporting for work.

Medical verification of the ability to safely perform job duties may be required before the employee is allowed to continue his/her work assignment.

Although the use of prescribed drugs or non-prescription medication which contain controlled substances as part of a prescribed medical treatment program is not grounds for disciplinary action, failure to report the use of such substances, illegally obtaining the substance or use which is inconsistent with a prescription or label, may subject an employee to disciplinary action, up to and including termination.

Fitness for Duty

The company developed and implemented a Fitness for Duty policy. "Fit for Duty" means an employee is able to perform the essential functions of the job for which he/she was hired in a safe and effective manner. Employees will be expected to be fit for duty during scheduled work hours.

If it is determined an employee may be unfit for duty under the terms of the Fitness for Duty Policy, an employee may be asked to submit to a medical fitness for duty examination, which may include urine analysis and other laboratory testing.

Violations of this policy may lead to disciplinary action, which can include referral for participation in a substance abuse rehabilitation or treatment program, and/or termination of employment and/or legal consequences.

WORKPLACE EXPECTATIONS

Conduct & Employment outside Work

In general, the Company does not seek to interfere with Employees' off-duty activities. However, the Company cannot tolerate off-duty conduct that interferes with an employee's work performance or the business of the Company. For example, the Company may take disciplinary action, up to and including, termination, against any Employee who engages in any off-duty illegal conduct that affects or has the potential to affect the Company's business.

Employee behavior impacts co-worker performance, productivity and personal workplace satisfaction. Employee behavior toward clients and business partners influences Company relationships success. PARAGON SERVICES expects employees to act professionally whenever on Company property, conducting Company business or representing the Company at business or social functions. While impossible to provide an exhaustive list, professional conduct includes the following:

-
- refraining from rude, offensive or outrageous language and behavior
- refraining from ridicule and hostile jokes
- treating coworkers, clients, business partners and vendors with patience, respect and consideration
- being courteous and helpful to others, and
- treating all clients with courtesy and respect

Violation of this policy may result in disciplinary action up to and including termination.

Employee Property

Employees should not bring valuables to work. If necessary to do so, all valuables should be kept in a secure location. The Company assumes no responsibility for the loss, theft, or damage of Employees' personal property.

Punctuality & Attendance

PARAGON SERVICES expects you to report to work on a reliable and punctual basis. Absenteeism, early departures from work, and late arrivals burden your fellow Employees and the Company. If you cannot avoid being late to work or are unable to work as scheduled, you must call your Supervisor at least one (1) hour before your scheduled shift.

If you are absent or late, or leave early, you must provide your Supervisor with a reason or explanation. You must also inform your Supervisor of the expected duration of any absence. The Company will comply with applicable laws relating to time off from work, but it is your responsibility to provide sufficient information to enable the Company to make a determination. You must notify your Supervisor of any change in your status as soon as possible.

Excessive absenteeism may lead to disciplinary action, up to and including employment termination. Four unscheduled absences in a three-month period or four instances of tardiness in a one-month period constitute unacceptable attendance. Other continuing patterns of absence, early departures, or tardiness--regardless of the exact number of days--may also warrant disciplinary action.

If you fail to report for work three (3) days (no call, no show) without any notification to your Supervisor, you may be considered to have abandoned your employment and classified as a voluntary resignation termination.



Individuals with disabilities may be granted reasonable accommodation in complying with these policies pursuant to applicable law. However, regular attendance and promptness are considered part of each Employee's essential job functions.

Smoking Policy

Paragon Services is committed to providing a healthy and safe workplace. In keeping with this commitment and Arizona State Regulations, the Company prohibits smoking in the workplace except in designated smoking areas. Employees who smoke do not receive extra break time.

Use of Telephones

While you are at work, you are expected to perform your job duties and responsibilities. Personal calls, both incoming and outgoing, must be kept to a minimum and must not interfere with your duties and responsibilities or the Company policies. Employees should limit their use of Company telephones for personal long-distance calls. In the event it is necessary to make a personal long-distance call, you will be asked to reimburse the Company for the cost. Abuse of the long-distance telephone call policy may result in discipline, up to and including termination. Use of a client phone for any reason is strictly forbidden.

Access to Voice Mail

PARAGON SERVICES' telephone system permits employees to receive, send and transfer voice mail messages. The telephone system is an important asset of PARAGON SERVICES and has been installed at substantial expense to facilitate business communications. Although employees are able to use codes to restrict access to phone messages that are left on the system, it must be remembered that the phone system is intended solely for business use. In keeping with this intention, PARAGON SERVICES maintains the ability to monitor any phone calls made on its telephone system. It also maintains the ability to access any messages left on or transmitted over the phone system. Because PARAGON SERVICES reserves the right to obtain access to all voice mail messages left on or recorded on the system, employees should not assume that such messages are confidential or that access by the Company or its designated representative would not occur.

Dress Standards

In the interests of presenting a professional image to our clients, we ask that all employees observe good habits of grooming and personal hygiene. Please dress professionally and in an appropriate manner for the work environment. If you have any questions regarding dress requirements for your position, please see the Executive Management. Property Management does not tolerate visible tattoos, and must be covered. Atypical piercings or hair color are not acceptable in the professional workplace.

Visitors

Friends and relatives should be asked not to visit Employees during working hours. For safety and insurance reasons, friends, relatives and customers are not permitted in areas restricted to Employees only, unless authorized by management and only if accompanied by a Paragon Services employee for the duration of the visit.

Literature Solicitation & Distribution

The Company has established rules, applicable to all Employees, to govern solicitation and distribution of written material during working time and entry onto the premises and work areas. All Employees are expected to comply strictly with these rules.



1. No Employee shall solicit or promote support for any external or personal cause or organization during his or her working time or during the working time of the Employee or Employees at whom the activity is directed;
2. No Employee shall distribute or circulate any written or printed material in work areas at any time, or during his or her working time, or during the working time of the Employee or Employees at whom the activity is directed; and
3. Under no circumstances will non-Employees be permitted to solicit or to distribute written material for any purpose on Company property.

As used in this policy, "working time" includes all time for which an Employee is paid and/or is scheduled to perform services for the Company; it does not include unpaid break periods, meal periods, or periods in which an Employee is not, and is not scheduled to be, performing services or work for the Company.

Bulletin Boards

Bulletin boards are reserved for the exclusive use of the Company for posting work-related notices or notices that must be posted pursuant to local, state, and federal law. From time to time, special notices and information for Employees will be posted by the Company on the bulletin boards. Please check the boards regularly for these notices. Employee postings are not permitted.

Investigations of Current Employees

The Company recognizes the importance of maintaining a safe workplace with employees who are honest, trustworthy, qualified, nonviolent, and do not present a risk of serious harm to their coworkers or others. For purposes of furthering these concerns and interests, before hiring an individual, the Company will perform a background check that may include one or more of the following areas: investigation of an applicant's criminal history, confirmation of prior employment history, and communication with personal references. Credit reports may be requested but generally only with regard to job applicants whose positions, department, or job duties involve the handling of money, valuables, confidential information, or trade secrets. Additionally, the Company will investigate the driving records and driver's licenses of those applicants whose jobs require them to operate company or customer owned vehicles.

When conducting background checks, the Company will comply with applicable federal and state laws, including the Fair Credit Reporting Act, and will provide applicants with any required notices and information. All job applicants will be asked to complete an authorization to release requested background information. Any applicant who refuses to complete such an authorization will be excluded from consideration for employment.

On occasion, the Company may find it necessary either to rerun background checks on employees or investigate employees whose behavior raises legitimate questions concerning work performance, reliability, honesty, trustworthiness, violation of Company policies, or whose actions give rise to issues such as potential threats to the safety of others, or other issues the Company determines it should investigate. Employees subject to such investigations are required to reasonably cooperate with the Company's lawful efforts to obtain relevant information and may be disciplined, up to and including termination, for failure to do so. The Company will inform employees of any negative information if it is the basis for an adverse action.

Business Expense Reimbursement

Employees may be reimbursed for reasonable expenses incurred in the course of company- authorized business, when approved in advance. An employee is required to have business expenses authorized by his/her supervisor before incurring the expense. All expenses incurred should be submitted to the Company along with the receipts

within 15 days from the period ending date or expenses will not be reimbursed. Only business-related expenses will be reimbursed as determined by the Company.

Employees are expected to exercise restraint and good judgment when incurring expenses. Employees will utilize the most economical travel means available. Employees should contact their Supervisor in advance if they have any question about whether an expense will be reimbursed.

Mileage Expenses

Employees may be reimbursed for approved mileage expenses. To be eligible for mileage reimbursement, current proof of automobile insurance and valid driver's license must be kept on file with Paragon Services. Reimbursement for usage of a personal automobile is based on the Federal Mileage Rate. This represents reimbursement for all vehicle-related expenses, including but not limited to gasoline, wear and tear, and personal auto insurance. All mileage expenses should be submitted upon completion of each pay period.



PERFORMANCE MANAGEMENT

Discipline & Discharge

The Company does not have a formal progressive discipline policy requiring a set number of warnings or counseling sessions. Instead, each case is considered based on its own facts. Any misconduct or violation of the Company's policies may result in discipline up to and including immediate termination.

This statement of prohibited conduct does not alter or limit the Company's policy of employment at will. Either you or the Company may terminate the employment relationship at any time for any reason, with or without cause or without notice. Disciplinary action will in each case depend on the circumstances and the seriousness of the offense and the Company reserves the sole discretion to deal with each situation on a case-by-case basis.

In order to assure orderly operations and provide the best possible work environment, PARAGON SERVICES expects Employees to follow rules of conduct that will protect the interests and safety of personnel. It is not possible to list all the forms of behavior that are considered unacceptable in the workplace, but the following are examples of infractions of rules of conduct that may result in disciplinary action, including suspension, demotion, or termination of employment.

- Falsification of employment records, employment information, or other records
- Recording the work time of another Employee, allowing any other Employee to record your work time, or allowing falsification of any time card, whether your own or another Employee's
- Theft or damage of any Company property or the property of any Employee or customer
- Removing or borrowing Company property without prior authorization
- Unauthorized use of Company equipment, time, materials, or facilities
- Possessing, distributing, selling, transferring, using, or having alcohol or illegal drugs in your system while in the workplace
- Provoking or participating in a fight or fighting during working hours or on premises owned or occupied by the Company, client and/or vendor
- Provoking or participating in horseplay or practical jokes on the Company's time or on premises owned or occupied by the Company, client or vendor
- Possession of firearms or any other dangerous weapons, at any time, on premises owned or occupied by the Company, client or vendor
- Engaging in illegal conduct which is detrimental to the reputation of the Company, whether or not related to job performance
- Causing, creating, or participating in a disruption of any kind during working hours or on premises owned or occupied by the Company, client or vendor
- Insubordination, including, but not limited to, failure to be respectful or cooperative with fellow employees, displaying a negative attitude that is disruptive to other employees or has a negative impact on customers, using abusive or threatening language toward any employee, ,
- Being disrespectful or using profane or abusive language at any time during working hours or while on premises owned or occupied by the Company
- Failing to personally notify the appropriate Supervisor when unable to report to work
- Unreported or unexcused PARAGON SERVICES PARAGON absence of three consecutive scheduled workdays
- Failing to obtain permission from your immediate supervisor to leave work for any reason during normal working hours

- Failing to observe working schedules, including rest and lunch periods
- Sleeping or malingering on the job
- Making or accepting for improper purposes personal telephone calls during working hours
- Working overtime without authorization or refusing to work assigned overtime
- Wearing unprofessional or inappropriate styles of dress or hair while working
- Violating any safety, health, or security policy, rule, or procedure of the Company
- Failing to maintain confidential or proprietary information or Company trade secrets or engaging in direct competition with the Company

The Company reserves its right to terminate employment at any time, for any lawful reason, including reasons not listed above, and without any particular procedure.



INJURY AND ILLNESS PREVENTION PROGRAM

It is the policy of PARAGON SERVICES to provide our employees with safe equipment, quality materials, established work procedures and rules to create a safe place of employment. Every employee is expected to use our equipment and materials in a safe and acceptable manner, follow established procedures, and use common sense rules of safety.

Our objective is to complete all work without injury and losses to personnel or equipment, to eliminate or minimize all job hazards. Employees, supervisors and management are expected to cooperate to achieve these objectives. Any violation of these rules or procedures or unsafe activity will initiate appropriate disciplinary action.

An employee should report any unsafe conditions noted so that they can be corrected as soon as possible. An employee will not be discriminated or retaliated against for bringing to our attention any unsafe conditions or participating in our safety activities.

Workers Compensation insurance benefits are available to employees who suffer work-related injuries or illnesses. All such injuries and illnesses should be reported immediately, no matter how minor, to the Executive Management. If any employee requires further information on these benefits, please contact the Executive Management.

Workers' Compensation Disability Leave

Employee Eligibility

The Company will grant you a workers' compensation disability leave in accordance with state law if you incur an occupational illness or injury. As an alternative, the Company may offer you modified work.

Notice & Certification Requirements

You must report all accidents, injuries, and illnesses, no matter how minor, to your immediate Supervisor. You must also provide the Company with a health care provider's statement certifying your work-related illness or injury, your inability to work, and the expected duration of your leave.

All injuries must be reported to the Executive Management immediately or within eight (8) hours of occurrence and all injured employees will be subject to post accident drug screening.

Compensation during Leave

Workers' compensation disability leaves are without pay. However, you may utilize accrued vacation time and any other accrued paid time off during the leave. All of those payments will be coordinated with any state disability, workers' compensation, or other wage reimbursement benefits for which you may be eligible.

Fitness for Duty

The Company developed and implemented a Fitness for Duty policy. "Fit for Duty" means an employee is able to perform the essential functions of the job for which he/she was hired in a safe and effective manner. Employees will be expected to be fit for duty during scheduled work hours.

If it is determined an employee may be unfit for duty under the terms of the Fitness for Duty Policy, an employee may be asked to submit to a medical fitness for duty examination, which may include urine analysis and other laboratory testing.

Reinstatement

Upon the submission of a medical certification that you are able to return to work, you will be reinstated in accordance with applicable law. If you are disabled due to an industrial injury, the Company will attempt to accommodate you in accordance with applicable law.



WORKPLACE SAFETY & SECURITY

PARAGON SERVICES is committed to providing a safe and healthy working environment for employees. Adherence to the following safety rules and future rules implemented by the Company is anticipated:

- Exercise maximum care and good judgment at all times to prevent accidents and injuries.
- Employees must immediately report any unsafe conditions, equipment, or practices to the appropriate Supervisor.
- All employees must immediately report any workplace accident or injury, no matter how minor, to their Supervisor.
- Horseplay, rough-housing and other physical acts that may endanger employees or cause accidents are prohibited.
- Employees must follow safety instructions.
- All equipment and machinery must be used properly. This means all guards, restraints and other safety devices must be used at all times. Do not use equipment for other than its intended purpose.

PARAGON SERVICES encourages employees to mention any ideas, concerns, or suggestions for improved safety to your Supervisor, Human Resources or Executive Management. Violating safety rules, causing hazardous or dangerous situations, failing to report, or remedy unsafe situations may lead to disciplinary action, up to and including termination of employment.

Workplace Security

All employees are responsible for keeping the PARAGON SERVICES workplace secure from unauthorized intruders. Employees must secure work area (as directed by your Supervisor, e.g. lock desk drawers, doors, secure tools, etc.) upon leaving Company property. After-hours workplace access is limited to those employees who work late. If an employee works past set operational hours, the Supervisor must be advised.

Personal visits by friends or relatives during work hours can be disruptive to operations and are strongly discouraged. For security and safety reasons, workplace visits need to be kept to a minimum. If anticipating a visitor, please inform the Supervisor. Do not leave visitors unattended in the workplace. Non-employees are strictly forbidden from entering unauthorized areas.

Safe Driving Rules Cars/Vans

Safe driving rules include but are not limited to:

1. Maintain a safe vehicle.
 - a. Check tire inflation pressure/tread wear weekly
 - b. Check lights, turn signals and hazard warning flasher weekly
 - c. Check windshield wipers weekly
 - d. Clean windshield daily
2. Always wear seat belts.
3. Maintain a “cushion of safety” while driving. The cushion of safety refers to the areas in front, back and on either side of your vehicle. Try to position yourself so there is always an escape in an emergency. See #4 and #5.

The critical element is the distance to the vehicle in front. It is difficult to judge braking distance required when following another vehicle. When the rear bumper of the vehicle in front you passes a fixed point (e.g. shadow of the overpass, sign etc.) begin counting one thousand one, one thousand two. If your front bumper

crosses the fixed point before you finish counting, you are following too close and need to drop back. This method works at any driving speed.

4. Establish a scanning pattern while driving. This is done to know where other vehicles are in relation to your vehicle. The pattern requires using the rear view mirror and the two side view mirrors. Glance at the left side mirror, rear view mirror and the right side-mirror on a frequent basis to observe positions of other vehicles so you can maintain a cushion of safety. In an emergency, you can make an avoidance maneuver as traffic allows. The pattern should be repeated frequently at freeway speeds. However, if you are following the 2-second rule, you should not get in trouble in the first place.
5. Read the traffic environment. Know what other drivers are doing. Watch for people changing lanes without signaling; match your speed to conditions, etc.
6. Adjust your driving to special conditions such as sunrise or sunset when the sun is close to the horizon and usually directly in your eyes. Slowdown in the fog and rain, etc.
7. Preplan your route. Know where you are going and if you miss your exit, or it is closed, have an alternative planned. Don't maps or electronic devices while driving. Pull over and stop in a safe place to do that.
8. Do not drive under the influence of drugs or alcohol.
9. Follow posted speed limits or reduce vehicle appropriate to current road or weather conditions

Cell Phone & Electronic Devices While Driving

An employee who uses a Company-supplied device or a company-supplied vehicle is prohibited from using a cell phone, hands on or hands off, or similar device while driving, whether the business conducted is personal or company-related. This prohibition includes receiving or placing calls, text messaging, surfing the Internet, receiving or responding to email, checking for phone messages, or any other purpose related to your employment; the business; our customers; our vendors; volunteer activities, meetings, or civic responsibilities performed for or attended in the name of the Company; or personally related activities not named here while driving.

Insurance & Liability

Any employee who drives on company time will be required to provide state minimum automobile insurance verification and valid current state driver's license.

PARAGON SERVICES will annually re-verify employee's vehicle insurance and driver's license validity. Any employee unable to provide or unwilling to provide proof of annual driver's license and/or state minimum automobile insurance coverage, will not drive for PARAGON SERVICE and may be disciplined up to and including termination.



WORKPLACE TECHNOLOGY

PARAGON SERVICES technical resources—including desktop and portable computer systems, fax machines, Internet and World Wide Web access, electronic mail (e-mail) and electronic bulletin boards enable employees to quickly and efficiently access and exchange information throughout the Company and around the world. When used properly, we believe these resources greatly enhance employee productivity and knowledge. This policy applies to all technical resources that are owned or leased by PARAGON SERVICES, that are used on or accessed from Company premises, or that are used on Company business. This policy also applies to all activities using Company-paid accounts, subscriptions, or other technical services, such as Internet, voice mail, and e-mail, whether or not the activities are conducted from Company premises.

Computers, computer files, computer network and software furnished to employees are the property of the Company and are intended to be used for business. Employees with access to the Company's email system may use it for non-business uses during non-working times. Unauthorized use of the Company's computer system or unauthorized access to restricted information is prohibited.

Use of the Company's electronic resources may be monitored. Any information created, stored, and/or sent using the Company's computer network or communications system is the property of the Company. Employees have no expectation of privacy in any usage of the computer system, including internet/intranet usage or any message, file, or software created, stored, sent, or retrieved using the Company's computer system, or telephone systems including voice mail.

Security of Information

Although employees may have passwords to access computer, voice mail, and e-mail systems, their use of these systems is not private. The Company's technical resources are to be accessible at all times by management, and are subject to inspection at any time. The Company may override any applicable passwords or codes to inspect, investigate, or search any files and messages maintained on any of its electronic systems. Employees should not provide their business passwords to other employees and should never access any of the Company's technical resources using another employee's password.

In order to facilitate the Company's access to information on its technical resources, employees may not encrypt or encode any voice mail or e-mail communication or any other files or data stored or exchanged on Company systems without the express prior written permission of Executive Management. As part of this approval, the Manager will specify a procedure for you to deposit any password, encryption key or code, or software with the Manager so that the encrypted or encoded information can be accessed in your absence.

Because we are required to safeguard such information, employees are not permitted to load any confidential business information onto a PDA, flash drive, "memory stick" or other electronic device.

Software

Violations of software licensing agreements and copyright violations, whether or not intentional, are prohibited. Persons making copies of software for unauthorized reasons are subject to disciplinary action and may be subject to civil and criminal penalties, including fines and imprisonment. Prior authorization must be received before downloading any information to Company computers.

Internet and Intranet Usage

Access to the Internet is restricted to use for Company business purposes. Those with access to the Company's Internet service for work related purposes are expected to use the service in a professional business manner when performing their jobs. Access to and utilization of the Company's Internet network for non-business purposes, such as social networking, entertainment, shopping, gambling, or to support a



private business, are expressly forbidden. The Company's Intranet site may only be used for legitimate business purposes.

E-Mail and Instant Messaging (IM)

Use of e-mail and instant messaging (IM) (collectively "e-mail") for performing job tasks is to be done in a proper and productive manner. You are responsible for the content of all text, audio or images that you place or send over the Company's internet/intranet system. All messages communicated on the e-mail system should contain your name.

The Company's e-mail systems may not be used for transmitting, retrieving or storing any communications that violate our policy prohibiting illicit discrimination or harassment based on any protected classification, or materials that are obscene or pornographic. No patently abusive, bullying or profane language is to be transmitted through the Company's e-mail system. Electronic media may not be used for any purpose that is illegal, or that violates Company policies. Personal use of the Company's e-mail is prohibited during working times. Communications that disclose confidential or proprietary information of the Company are prohibited.

All messages created, sent or retrieved over the Company's e-mail system are the property of the Company and should be considered public information. The Company reserves the right to access and monitor all messages and files on its e-mail system. In addition, the Company may access messages that have been "deleted" by employees.

Confidential Information

E-mail and Internet access are not entirely secure. Others outside the Company may also be able to monitor your e-mail and Internet access. For example, Internet sites maintain logs of visits from users; these logs identify which company, and even which particular person, accessed the service. If your work using these resources requires a higher level of security, please ask your Manager for guidance on securely exchanging e-mail or gathering information from the Internet.

All Employees should safeguard the Company's confidential information, as defined in the Confidentiality policy. Employees should not leave messages containing such confidential information visible while unattended.

Electronic Media and Social Networking Policy

The Company recognizes that participating in electronic media and social networking is a popular activity, but seeks to regulate such activity when it impacts the performance of any work for the Company.

During working time, employees are prohibited from writing, posting or otherwise contributing to: blogs or microblogs (including but not limited to Twitter), personal websites or webpages; listservs or mailing lists; social networking or other similar sites (such as Facebook, MySpace, LinkedIn, or Friendster); audio or video-sharing websites (such as YouTube, Google Video or Metacafe); or other user-generated electronic media (collectively referred to as "social media"), unless such activity is directly related to, and necessary, for an employee's performance of his or her job responsibilities.

The Company respects the legal rights of its employees and understands that employees' time outside of work is their own. However, employees who engage in social media activity should be mindful that their social media activity, even if done off premises and while off-duty, could affect the Company's legitimate business interests. For example, the information posted could be the Company's confidential business information. In addition, some readers may mistakenly view you as a spokesperson for the Company.

This Social Media Policy (the "Policy") provides guidance on responsible social media activity by employees. This Policy does not and cannot cover every possible social media activity. For this reason, the Company relies on the common sense and good judgment of its employees who choose to engage in social media



activity. If you are unsure how this policy may apply to your social media activity, Executive Management.

When you engage in social media activity that identifies you as a Company employee, or in any way relates to the Company, you should bear in mind and follow the guidelines listed below:

- Your social media activity is subject to all pertinent Company policies, including, but not limited to, its policies against workplace harassment, discrimination and retaliation based on protected characteristics.
- You should not represent in any social media content that you are authorized to speak on behalf of the Company, or that the Company has reviewed and approved your content, without the prior written authorization.
- The Federal Trade Commission requires that endorsements be truthful and not deceptive. If your social media activity endorses the Company's products or services, i.e., expresses opinions, beliefs, findings or experiences concerning the Company's products or services, you must disclose your name and position with the Company. Unless the Company has approved any such endorsement in writing and in advance, do not create the impression in your posting that the views you are expressing reflect those of the Company.
- You should consider using available privacy filters or settings to block any overtly personal information about you from being accessed without your knowledge or approval.
- You should not post content that is vulgar, obscene, bullying, coercive, maliciously false, or a violation of the Company's policies against discrimination and harassment on account of a protected characteristic, such as age, race, religion, sex, ethnicity, nationality, or disability.
- You should not make knowingly false statements about the Company's products or services, or the products or services of its vendors or competitors.
- You should not post content, images or video of yourself that identifies you as a Company employee and depicts you engaging in illegal conduct, such as acts of violence or the illegal use of drugs, or in conduct that violates any Company policy.
- You should not use the Company's logo, trade names, corporate slogans, trademarks or proprietary graphics in a way which suggests that you are speaking for the Company without authorization, or while engaging in conduct that is unlawful or violates Company policy. For example, you should not create a social media page with the Company's logo placed in a way which suggests to readers that the Company is sponsoring the page. It is also critical that you abide by the terms of any confidentiality agreement that you have signed.
- To reduce the risk of identity theft, stalking and similar criminal conduct, you should not disclose personally identifying information such as Social Security numbers, credit or debit card numbers, government identification numbers, or financial account numbers in your possession.
- Only authorized Company representatives may speak to the media on the Company's behalf. To ensure that the Company communicates with the media in a consistent, timely and professional manner about matters related to the Company, you should forward all media inquiries directed to the Company Executive Management.
- You should respect the laws regarding copyrights, trademarks, rights of publicity and other third party rights. To minimize the risk of copyright violations, you should provide references to the source(s) of information you use and accurately cite copyrighted works you identify in your online communications.

Violations

The Company will, in its discretion, review social media activity to the fullest extent permitted by applicable law. If you engage in social media activity anonymously or using a pseudonym, the Company will, in appropriate circumstances, take steps to determine your identity.

Employees will be held accountable for engaging in social media activity that violates this Policy. Failure to comply with this Policy may lead to discipline, up to and including termination of employment, and if appropriate, the Company will pursue all available legal remedies. The Company also may report suspected unlawful conduct to appropriate law enforcement authorities.

The Company will not construe or apply this Policy in a manner that interferes with or limits employees' rights under Section 7 of the National Labor Relations Act.

Copyrighted Materials

You should not copy and/or distribute copyrighted material (e.g. software, database files, documentation, articles, graphics files, and downloaded information) through the e-mail system or by any other means unless you have confirmed in advance from appropriate sources that the Company has the right to copy or distribute the material. Failure to observe a copyright may result in disciplinary action by the Company as well as legal action by the copyright owner.



ENDING EMPLOYMENT

Exit Interviews

PARAGON SERVICES' policy is to conduct exit interviews upon an employee's separation from the Company, regardless of whether that separation is voluntary or involuntary. This will provide closure to your employment with PARAGON SERVICES and will allow the Company to ensure that it has resolved various administrative matters, answered any questions about continuation of benefits, and listened to any of your comments or ideas about improving the Company's operations. All employees with clearances must be debriefed and a termination check-off list must be signed by all employees who leave the Company upon return of research notebooks, documents, identification badges, company keys, and any other property belonging to PARAGON SERVICES.

Final Paychecks

Employees who voluntarily terminate employment will receive the final paycheck as soon as is feasible following the final day of employment but, not later than the next scheduled pay cycle. Employees who are terminated involuntarily will receive the final paycheck according to applicable state law. Final paychecks will include all compensation earned but not paid through the date of separation.

Return of Company Property

When employment at PARAGON SERVICES ends, all Company property must be returned in clean and in good repair. This includes all manuals and guides, credit cards, documents, phones, computers, equipment, keys and tools. We reserve the right to take any lawful action to recover or protect Company property.

Continuing Your Health Insurance Coverage (COBRA)

COBRA requires most employers sponsoring group health plans offer employees and their families the opportunity for a temporary extension of health coverage (called "continuation coverage") at group rates in certain instances where coverage under the plan would otherwise end. This notice is intended to inform you, in summary fashion, of your rights and obligations under the continuation of coverage of the law.

If an employee loses group health coverage due to employment reduction in hours or the termination of employment (for reasons other than gross misconduct on your part) eligible dependents may also have the right to elect and pay for temporary continuation coverage in circumstances where their coverage under the Plan would otherwise end. If an employee has any questions concerning your rights under COBRA, please contact the Executive Management for details.

References

It is PARAGON SERVICES policy not to give references or letters of recommendation for any employee. Strict observance of this policy is required. PARAGON SERVICES will respond to valid verification of employment requests with dates of employment, and position title when employed at Paragon Services. Only Executive Management is authorized to provide this information. Compensation information will only be disclosed or verified upon receipt of written signed employee authorization.



EMPLOYEE ACKNOWLEDGMENT & AGREEMENT

This is to acknowledge that I have received a copy of the PARAGON SERVICES ("the Company") Employee Handbook and understand that it sets forth the terms and conditions of my employment as well as the duties, responsibilities, and obligations of employment with PARAGON SERVICES . I understand and agree that it is my responsibility to read the Employee Handbook and to abide by the rules, policies, and standards set forth in the Employee Handbook.

I also acknowledge that my employment with PARAGON SERVICES is not for a specified period of time and can be terminated at any time for any reason, with or without cause or notice, by me or by the Company. I acknowledge that nothing in this Employee Handbook and no oral statements or representations regarding my employment can alter the foregoing.

I also acknowledge that this policy of at-will employment may be revised, deleted or superseded only by a written employment agreement signed by the Executive Management that expressly revises, modifies, deletes, or supersedes the policy of at-will employment.

I also acknowledge that, except for the policy of at-will employment the Company reserves the right to revise, delete, and add to the provisions of this Employee Handbook. All such revisions, deletions, or additions must be in writing and must be signed by Executive Management. No oral statements or representations can change the provisions of this Employee Handbook. No implied contract concerning any employment-related decision or term and condition of employment can be established by any other statement, conduct, policy, or practice.

I understand that, unless my employment is covered by a written employment agreement providing otherwise, the foregoing agreement concerning my at-will employment status and the Company's right to determine and modify the terms and conditions of employment is the sole and entire agreement between me and PARAGON SERVICES concerning the duration of my employment, the circumstances under which my employment may be terminated, and the circumstances under which the terms and conditions of my employment may change. I further understand that this agreement supersedes all prior agreements, understandings, and representations concerning my employment with PARAGON SERVICES.

Dated: _____

Employee Signature

Employee's Name (Typed or Printed)

TO BE PLACED IN EMPLOYEE'S PERSONNEL FILE