

**WELCOME TO MCG!**

On behalf of the people at Management Consulting Group (MCG) I want to welcome you as a member of our team.

Please read this Employee Handbook promptly. We believe it will answer questions you may have and provide you with important information; to help you not only as a new employee but throughout your employment. Policies, procedures and processes are necessary to ensure outstanding service to our clients, and a working environment that is conducive to high productivity and morale.

We believe it is important to communicate what is expected of you and what you can expect from the company. We also believe it is important to tell you about our company so that you have a better understanding of who we are and what we do.

Every employee is critical to the success of MCG. No employee is more or less important than any other.

I invite you to join us and share in our accomplishments. I believe that by working together as a team toward common business goals, we can reach our individual goals as well.

Sincerely,

**MANAGEMENT CONSULTING GROUP**

## **I. INTRODUCTION**

This Employee Handbook is intended to give you information about our company and your employment with MCG Corporation (hereafter referred to as MCG). We believe it is a good way to let you know what you can expect from MCG, and what we will expect from you. This handbook should provide necessary information concerning your employment at MCG, the benefits which eligible employees enjoy, and the services that are available to you.

We urge you to consult the Employee Handbook whenever you have a question regarding employment or benefits. If the answer is not there, please feel free to ask any one of us at MCG. Please understand that it is the responsibility of each employee to read and understand this document and to comply with all provisions in it.

The contents of this handbook, including any policy, rule, or regulation contained herein apply to all persons employed by MCG when they are on company premises, at a client's or vendor's property, or any other time within the scope of employment.

This handbook has been provided to you for the purpose of acquainting you with our policies, benefits and mutual responsibilities. Since our business is constantly changing, MCG reserves the right to change or terminate any of its policies, benefits, pay practices, or procedures—except its employment “at-will” policy—at any time. We will attempt to notify you of these changes by email or by other appropriate means (e.g. with your paychecks). Changes will be effective on dates determined by the Company and you may not rely on policies that have been superseded. Employees should check with their supervisor to verify the most up-to-date version of any policy.

This handbook supersedes all previous policies or procedures issued by MCG as well as any memoranda that may have been issued on subjects covered within.

## **II. EMPLOYMENT STATUS**

### Employment “At-Will”

Although MCG aims to foster a spirit of cooperation and teamwork, it also intends to reserve the legal right to terminate employment “at-will.” All employment at MCG is “at-will.” That means both employees and MCG have the right to terminate employment at any time, with or without notice, and without the need for justification. If an employee fails to meet MCG standards of conduct and performance, normally the effort will be made to clarify expectations through counseling, memorandum, probation, or other methods regarded by MCG to be appropriate. In some circumstances, however, MCG may determine that such efforts will not be made. No experience with MCG, including but not limited to oral statements, longevity of employment, performance reviews, promotions, salary increases, or application of disciplinary measures, may be regarded as implicitly changing this “at-will” policy.

In addition, MCG may modify or alter any position through actions other than termination, such as demotion, transfer, or reclassification, and can exercise its managerial discretion in imposing discipline short of termination when, in its sole discretion, it deems appropriate.

No entities other than the Managing Directors has the authority to alter this arrangement, to enter into an agreement for employment for a specified period of time, or to make any agreement contrary to this policy. Any such agreement must be stated expressly, in writing, and must be signed by the Managing Directors.

The following information is used to describe the classification of employees and to help you determine your individual classification.

#### a. Exempt

Employees whose positions meet specific tests established by law and are exempt from overtime pay requirements. These positions are commonly referred to as “salaried employees”.

- b. Full-Time Contractor  
Employees regularly scheduled to work at least 30 hours per week. Full-time regular contractors are eligible for certain Company benefits when applicable service requirements are met.
- c. Part-Time Contractor  
Employees regularly scheduled to work less than 30 hours per week. These employees are not eligible for Company benefits except those covered by law (e.g. Social Security and Worker’s Compensation).
- d. MCG Temporary Contactor  
Generally, employees hired for a temporary length of time or until a specific assignment is completed. The hours worked each day and each week may vary according to the Company’s needs. These individuals are paid by MCG. They do not receive Company benefits, except those required by law (e.g. Worker’s Compensation).
- e. Commission Employee  
Any employee that works with or for MCG that is not paid from a salary or hourly system. Commission Employees work at 100% commission based on revenues brought into MCG by that employee. Their commission is based on the Gross Profit (Net Profit minus any cost to MCG that is incurred through the transaction) where 60% of the GP goes to MCG and 40% of the GP goes to the Commissioned Employee. Generally the Commissioned Employee is a recruiter for MCG. Commission Employees are eligible for MCG benefits after 90 days service.

**Resignation:**

Any employee wishing to voluntarily terminate employment, regardless of position, should give as much advance notice as possible. Two weeks is generally considered appropriate for most positions. Notice should be in writing and submitted to the MCG office. MCG reserves the right to substitute pay in lieu of notice, up to a maximum of two weeks, when in its sole discretion it deems appropriate.

Before the end of the day on your last day of employment, you must return all items and information you may have that belongs to MCG or its client/s. This includes anything that belongs to the Company of a proprietary or intellectual nature, such as devices, records, data, notes, reports, proposals, client lists, correspondence, materials, equipment (such as key card, keys, corporate credit card, cellular phone, phone calling card, pager, home installed or portable computer equipment.)

**Personnel Records:**

MCG strives to balance employees’ rights to privacy with the Company’s need to collect and use certain information. Your personnel file contains information that is needed by the Company to conduct its business, and/or is required by law. The personnel file includes such information as the employee’s job offer, resume, records of training, documentation of performance appraisals, PTO requests, tax information, time cards, etc. Personnel files are the property of MCG, and access to the information is restricted. Only those who have a legally binding reason to review information in a file are allowed to do so. Employees who wish to review their own file should contact MCG. With reasonable advance notice, employees may review their own personnel files in MCG’s offices and in the presence of an individual appointed by MCG to maintain the files. Employees may only copy documents from their file which they have previously signed.

MCG relies upon the accuracy of information contained in employment applications. Any misrepresentations, falsifications, or material omissions in any of this information may result in MCG's exclusion of the individual from further consideration for employment, or if the person has been hired, termination of employment.

All requests for references regarding present and former employees must be directed to the Operations Manager or Managing Directors of MCG. No other employee is authorized to write a letter of reference, provide a reference by telephone, or otherwise respond to reference request. MCG will check references including Company dates of employment and job title for prospective employers, and will verify employment and/or salary information to credit agencies or lending institutions with the proper authorization and release.

You are responsible for notifying the Operations Department of changes in name, address, telephone number, marital status, dependents, and emergency contacts.

### **III. EMPLOYEE BENEFITS AND SERVICES**

MCG is interested in the health and well being of you and your family. To that extent, we offer an extremely competitive package of employee benefit programs to full-time regular employees.

This section of the handbook is intended to provide a brief summary of the benefits available to eligible employees. Complete and official details of these plans are available through the applicable insurance companies and the Operations Department. You should read your official benefit plan documents for detailed descriptions of each benefit. To the extent that there are any discrepancies between any information included in the employee handbook, or other information provided to employees and the actual plan document, the actual plan document governs your rights and benefits.

Please understand that the existence of these employee benefits, in and of themselves, does not signify that an employee will be employed for the requisite length of time necessary to qualify for them. In addition, the benefit programs are subject to change from time to time. For more information about these plans, please see someone in the MCG office.

A package containing medical, dental, and alternative healthcare (chiropractic, acupuncture, and vision) is offered to full-time contractors. MCG and the employee share the cost of the medical premium for such insurance, where MCG will pay 50% of the employee's premium (dependents are not covered by MCG, but can be added to the policy at the employee's own cost) up to \$150.00 per month.

The details about these plans will be shared with you at your request when you become eligible for participation. At that point, you will be given the official benefit plan documents, along with enrollment forms. Employees may enroll spouses and/or children as dependents, but do so at an additional financial responsibility. You will be covered under the applicable insurance plans beginning on the first of the month following 90 days of continued work and as soon as the appropriate paperwork is completed and returned to MCG. All paperwork must be completed by the 10<sup>th</sup> of the month prior to your benefit start date.

When you leave the Company, your coverage for medical, dental, vision, life insurance, and long-term disability will end on the last day of the month. However, under certain circumstances, you may be eligible to elect continuation of medical, dental and vision coverage for a specific period on a self-pay basis under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). Please contact the Operations department with any questions.

### **IV. PERSONAL TIME OFF AND LEAVES OF ABSENCE**

Time away from your work assignment is generally governed by your host Company. As a general rule of thumb, contractors only get paid for those hours spent working at your assigned company. Any time spent away from the company is not paid. This includes all holidays, personal days, sick days, and any unplanned or unexpected days of leave. Contractors are usually asked to work on many holidays that permanent employees of the host company get off. For any hours you are at the host company, you will be paid accordingly. Because many companies observe different holidays, please see your direct superior for a list of those days observed by your host company.

Typical holidays include:

- Martin Luther King, Jr. Day (January)
- President's Day (February)
- Memorial Day (June)
- Independence Day (July 4<sup>th</sup>)
- Labor Day (September)
- Veterans' Day (November 11<sup>th</sup>)
- Thanksgiving Day
- Christmas Holiday (December 25<sup>th</sup>)
- New Years Holiday (January 1<sup>st</sup>)

MCG awards 2 floating holidays per calendar year to full-time contractors after a 90 day waiting period of continued service at their request. You must be on a continuing assignment and actively working to use them. You are responsible for giving appropriate notice and getting the appropriate levels of approval before taking your holiday. Please clear all days off with someone in the MCG office and your direct supervisor at your host company. If you ever need to be out with very short notice (i.e. sick days) please call someone in the MCG office and your direct supervisor at your host company prior to your scheduled start time. With the appropriate levels of notice unplanned days off will not count against your service record.

Extended leaves of absence beyond one or two days may be granted to full-time contractors at the host company and MCG's discretion in instances where unusual or unavoidable circumstances require prolonged absence. Medical leaves of absence are unpaid for all classes of contractors and temporary contractors. Also, due to the nature of a contracting job, if the host company needs to backfill for your time off, MCG reserves the right to place someone in your position. It is up to the host company as to when the backfill position terminates, if at all. Prior to returning to work, you must provide your supervisor with a physician's statement that certifies that you are able to perform your usual and customary duties.

If you participate in the Company sponsored insurance program, health insurance may remain in effect for the month during which the leave begins. When that month ends, you may voluntarily continue health insurance coverage by making arrangements to pay the appropriate monthly premium in advance each month.

If deemed appropriate by MCG, it may attempt to reinstate employees to their original position or a comparable one at the conclusion of medical leave. There may be occasions where the Company may not be able to reinstate employees returning from such a leave at all, or the Company may have to reinstate employees under different employment conditions (e.g. different position, hours, pay). Such decisions are made at the sole discretion of the host company on a case by case basis. If the host company cannot reinstate you, MCG will try to place you in a comparable position at another company.

### **Workers' Compensation**

MCG carries insurance to cover the cost of work-incurred injury or illness. Workers' compensation benefits help pay for your treatment and part of any income you may lose while

recovering. Specific amounts are prescribed by law and each case is handled individually. **To be assured of maximum coverage, it is important that work-related accidents are reported immediately and claims filed promptly.**

Employees who incur a work related injury requiring a medical examination or treatment will be referred to the Company's medical clinic (provider); unless prior to a work related injury, the company has received from you a written notice that you wish to be seen by your own physician.

The law requires that the Company notify its workers' compensation carrier of any concerns of false, exaggerated, or fraudulent claims. **Any person who makes or causes to be made any knowingly false, exaggerated, or fraudulent statement or misrepresentation for the purpose of obtaining or denying of workers' compensation benefits is guilty of a felony.**

Please refer to the "Facts for Injured Workers" pamphlet for further information.

An employee absent from work due to a non-work related illness or injury may be eligible for benefits covered by State Disability Insurance (deductions are listed under "SDI" on your paycheck stub). Benefits begin from the first day an employee is hospitalized or after the seventh day of illness or accident if the employee is not hospitalized. Please refer to the "State Disability Pamphlet" for further information or contact the Human Resources Department.

### **Open Communication**

Our experience has shown that when employees deal openly and directly with their supervisors and manager, the work environment can be excellent, communications can be clear, and attitudes can be positive. We believe that MCG demonstrates its commitment to employees by responding effectively to employee concerns.

MCG gives employees the opportunity to discuss company decisions or actions that affect them. Many employee concerns are caused by misunderstandings and are best resolved by simply communicating with your supervisor. If you still are not satisfied or comfortable after talking to your supervisor, or if the issue involves your supervisor, you should see the next level manager or the Human Resources Manager.

If you believe that you have been subject to some type of discrimination, including sexual harassment, you should report the problem immediately. In these cases, you should see your immediate supervisor, the next level manager, someone in the MCG office, or any other member of management with whom you feel comfortable talking.

## **V. TIMEKEEPING AND PAYROLL PRACTICES**

Full time contractors working in computer-related positions paid over a certain amount per hour are considered exempt from overtime. That is, they are exempt from the overtime provisions of the Fair Labor Standards Act (referred to as FLSA). This rate is allocated per state and changes periodically.

Paychecks are distributed by US Postal Service to be received every other Friday, unless the pay date falls on a holiday in which case the payday will be the Monday following the work week. If employees prefer, they can elect to have their payroll check electronically deposited to the banking institution of their choice.

Pay advances are NOT granted by MCG.

Federal and State laws require that certain deductions be made from your pay. The amount withheld is governed by what you indicate on the W-4 form that you complete. Any additional deduction will only be made with your written authorization. You will find the various deductions

itemized on the stub of your paycheck for the period for which pay is earned.

By January 31<sup>st</sup> of each year, you will receive a statement (W-2) showing total taxable earnings and the amount of various deductions which have been withheld for the prior calendar year. When operating requirements or other needs cannot be met during regular working hours, employees may be required to work overtime. Since working overtime is a condition of employment, it is mandatory unless expressly specified as optional by your supervisor.

**All overtime worked by non-exempt employees must be authorized in advance by your supervisor. The only exception to this is if the overtime is absolutely necessary due to "emergency" conditions. The working of unauthorized overtime may result in non-payment or discipline, up to and including termination.**

For non-exempt employees who wear a pager and are paged during off hours, overtime will be paid for *actual hours worked* (after 40 hours in a week) based on your host company's current policies.

It is important to remember that regular attendance and punctuality are conditions of employment, and essential for the professional operation of our business. A regular work schedule may consist of eight hours per day, excluding lunch, and a forty hour work week. As mentioned above, due to the nature of our business any employee may be required to work longer hours as business and job responsibilities necessitate.

#### **Work Hours/Schedule (Alternative Work Schedule Employees)**

Full-time contractors who have a scheduled shift of more than six (6) hours should take at least a 30 minute unpaid meal period by the time they have completed five (5) consecutive hours of work. A regular lunch period is arranged between you and your supervisor. Any changes to your regular lunch period need to be pre-approved with your supervisor.

Full-time contractors may also take a ten-minute break in the first half of their shift and in the second half of their shift. Break schedules are determined by supervisors and if possible, should be scheduled in the middle of work periods.

You are expected to observe assigned working hours and the time allowed for a meal and rest periods. You should not leave the premises during rest periods.

A few general policies must be followed:

1. Employees are required to be available and ready to work at their scheduled starting time.
2. All corrections and adjustments on time cards must be completed by the supervisor or person in charge.
3. All overtime hours must be authorized and approved by the supervisor.
4. Employees should not sign in more that ten minutes before the start of their shift.
5. It is strictly forbidden to fill out, sign, or fax another employee's time card. Violation of this policy will subject an employee to immediate termination.

Punctuality is a condition of employment at MCG Corporation and is essential for our business to operate professionally. Falsification or intentional tampering with your own, or another employee's timecard will result in disciplinary action.

We recognize that people may be faced with financial hardships because of unexpected circumstances. While we neither condone financial irresponsibility, nor wish to pry into personal affairs, we must comply with any laws and/or court orders related to a garnishment.

## **VI. RESPONSIBILITIES**

It is our policy to take every reasonable measure to protect our employees, property and business interests against loss and damage. All supervisors are responsible for implementing this policy in their area. All employees are responsible for complying with the Company's rules and procedures in order to further the Company's business interests. It is extremely important to MCG's competitive position that certain security and confidentiality standards are maintained.

The objective of the Company's Security Program is to provide an effective system of safeguards to protect the Company's property and facilities, its employees, and its interests. The goal of protection is to increase profitability and enhance the work environment by reducing loss and damage.

While it is not possible to describe all the circumstances that might develop, the following are set forth for your guidance:

- Employees may not engage in any activity that is in some way hostile or adverse to MCG's interests.
- If a spouse or other members of an employee's immediate family are engaged in business similar in nature to MCG Corporation, or a MCG customer, supplier, or competitor, it must be disclosed to Operations and the Managing Directors.
- Employees may not accept a retainer, commission, consulting fee, gifts, or any other remuneration without prior disclosure to and approval of MCG.
- MCG employees may not solicit or accept gifts, rewards, payments, commissions, gratuities, discounts, or services of any kind or value from anyone having or seeking business with MCG except as follows:
  - Unsolicited token gifts (such as food, flowers, and promotional items inscribed with the supplier's or customer's logo or business name, with nominal values generally not exceeding \$25.00)
  - Business related functions or meals, so long as the function is necessary and the value and frequency of business meals are not excessive
- Employees are prohibited from purchasing items for personal use from vendors.
- MCG employees whose job duties require their involvement in the purchase of merchandise and services from supplier firms may not make investments in those companies, other than normal stock and bond market transactions.
- Employees or members of their immediate family may not directly or indirectly borrow from, lend to, invest in or engage in any substantial financial transaction with a customer, potential customer, supplier, or business associate of MCG without disclosure to the company.
- Any employee, who wishes to engage in additional employment outside the company, should discuss the matter with their supervisor. The intent of this discussion is to avoid potential conflict of interests (e.g. working for a customer, supplier, competitor, or service organization involved with MCG Corporation) and to ensure that proper productivity and safety standards are met. Approval must be granted by Operations before accepting additional employment.

- Advertising, humorous, political, satirical, or other materials that could compromise the company's best interests in any way are not allowed for distribution.
- Employees do not have the right to bind the company in any legal or contractual capacity, except as required for the performance of their regular duties and responsibilities. Employees that misrepresent themselves as an agent of the company may be subject to legal and/or disciplinary action, which could include termination.
- Any questions regarding a possible conflict of interest should be discussed with someone in the MCG office.
- Failure to disclose or discuss information related to any of the above may result in disciplinary action, which could include termination.
- Employees are not allowed to solicit funds or distribute materials for any cause (e.g. charity, school, or other purposes) during work time, without approval from someone in the MCG office and their direct supervisor. **Employees, whether on working time or not, may not solicit other employees nor distribute literature of any kind to those persons, without the approval of a Managing Director.**
- Solicitation or distribution of materials on Company premises by non-employees is not allowed without approval from someone in the MCG office.
- You may not run or administer your own business while working for MCG.
- Employees are not allowed to represent a non-Company-sponsored event (e.g. lunch, picnic, gathering) as an MCG event. If you would like to organize a company event, please contact someone in the MCG office for more details.
- Employees do not have the right to bind the Company in any legal or contractual capacity, except as required for the performance of their regular duties and responsibilities. Employees that misrepresent themselves as an agent of the Company may be subject to legal and/or disciplinary action, which could include termination.

Any questions regarding a possible conflict of interest should be discussed with someone in the MCG office. Failure to disclose or discuss information related to any of the above may result in disciplinary action, which could include termination.

### **Non-Disclosure / Confidential Information**

During the course of employment, employees may work with confidential information, business systems, future plans, and other information that is to remain confidential. Employees must protect either MCG's confidential information or their host company's confidential information by safeguarding it when in use, using it only for business purposes, and disclosing it only when authorized to do so and to those who have legitimate business need to know about it. Please refer to your "**Employee Confidential Information Agreement**" for further information. Employees who improperly use or disclose confidential business information will be subject to disciplinary action, up to and including termination or employment and legal action. Any person found accessing information without authorization will be subject to termination.

Security combinations, safe combinations, lock combinations, and keys cannot be given out. If you need access to locked/secure areas, please see someone in the MCG office or your direct supervisor for the appropriate passes.

To prevent theft, conflicts of interests, and the possession of prohibited materials such as firearms and drugs, MCG has the following security and search policy. Desks, storage areas, work areas, lockers, file cabinets, credenzas, computer systems, office telephones, modems, facsimile machines, duplicating machines and vehicles are the property of MCG and/or your host company and must be maintained in accordance with company standards. All such areas and items must be kept clean and are to be used only for work purposes, except as provided in this policy.

If, during the course of your employment, you perform or transmit work on MCG's or your host company's computer systems or other technical resources, or those systems belonging to your host company, your work may be subject to investigation, search and review in accordance with this policy. In addition, any electronically stored communications that you either send to or receive from others may be retrieved and reviewed where as such investigations serve the legitimate business interests and obligations of MCG and/or your host company.

For purposes of inspecting, investigating or searching employee's computerized files or transmissions, voice mail, or E-mail, MCG and/or your host company may override any applicable passwords or codes in accordance with the best interests of MCG, its employees, or its clients or visitors. All bills and other documentation related to the use of MCG's equipment or property may be reviewed and used for purposes that MCG considers appropriate.

Employees may only access files or programs, whether computerized or not, that they have permission to enter. Unauthorized review, duplication, dissemination, removal, damage or alteration of files, passwords, computer systems or programs, or other property of MCG or your host company, or improper use of information obtained by unauthorized means will result in disciplinary action, which could include termination.

If a Company official (either of MCG or your host company) has a reasonable suspicion that an employee has unauthorized possession of company property, client property, another employee's property, a prohibited substance or a dangerous item, MCG reserves the right to call in the appropriate law enforcement and reserves the right to implement other measures to deter and detect any violation of this policy.

Employees who refuse to a search will be subject to disciplinary action, which could include termination.

Equipment essential in accomplishing job duties is often expensive and difficult to replace. This may include items such as calculators, phone headset equipment, pagers, computer hardware/software, etc. Employees are not allowed to use company computers or printers to create or duplicate any materials, except those of an approved type necessary for MCG's or your host company's business. Exceptions to this rule must be granted in writing by someone in the MCG office or at your host company. When using such property, employees are expected to exercise care, perform required maintenance, and follow all operating instructions, safety standards, and guidelines.

Please notify your direct supervisor or someone in the MCG office if any equipment, machines, or tools appear to be damaged, defective, or in need of repair. The improper, careless, or unsafe use or operation of equipment can result in disciplinary action, up to and including termination. MCG reserves the right to deduct the replacement and/or repair cost of any equipment that has been lost or broken through improper, careless, dishonest, or destructive behavior from the employee's next paycheck.

MCG Corporation requires all employees who may drive a vehicle (including their own vehicles), during the course of their employment, to possess a valid state driver's license and carry proof of insurance. Anyone found to have operated a vehicle without valid certification or the appropriate insurance will be subject to disciplinary action, which could include termination.

Personal use of telephones for long-distance and toll calls is not permitted. Employees are to practice discretion in using company telephones when making local personal calls and may be required to reimburse MCG or your host company for any charges resulting from their personal use of the telephone.

Production employees are not authorized to make or receive phone calls other than when on break. Public pay phones are available for personal outgoing calls during breaks, meal periods, or at other times, with your supervisor's permission. MCG is not responsible for processing incoming personal calls or messages to employees. Emergency calls will be forwarded to the employee through their supervisor.

Employees are not allowed to use the Company's postage meter, stamps, or shipping materials, to ship or mail any materials, except those of an approved type necessary for MCG's business or the business of your host company as advised by your direct supervisor. Exceptions to this rule must be granted in writing by someone in the MCG office or your direct supervisor at your host company. Employees may bring personal self-stamped mail to the office for the daily mail pickup.

Small personal radios or stereos are allowed in non-production areas at employee desks **only if** the type of music and volume is not disruptive to others in the work site. The volume permitted is that which is no longer audible once an employee leaves his or her immediate desk area. Headsets to personal radios are not allowed unless authorized by your supervisor at your host company. Management reserves the right to request that an employee change the type of music being played, lower the volume of the music being played, turn off the radio completely, or to request that an employee remove the radio from the work site.

Your host company's email and voicemail and MCG's e-mail system and voice mail system are to be used for business purposes only. E-mail messages or voice mail messages that solicit money or donations to an outside charitable organization are not allowed. E-mail and voice mail may not be used for transmitting, retrieving, or storing any communication:

- of a discriminatory or harassing nature
- that are derogatory to any individual or group
- which are obscene or x-rated
- of a defamatory or threatening nature
- for any purpose that is illegal or against MCG policy, contrary to MCG's interests or violate any standard as set by your host company.

Any employee found to be abusing e-mail and voice mail privileges will be subject to disciplinary action, which may include termination if the situation warrants. He or she may also risk having the privilege removed for him/herself and possibly other employees.

The use of illegal drugs and alcohol can adversely affect job performance and endanger the welfare and safety of employees and members of the public. While on MCG premises or your host company's premises during work hours, no employee may use, possess, distribute, sell, or be under the influence of alcohol or illegal drugs. The legal use of prescribed drugs is permitted on the job only if it does not impair an employee's ability to perform the essential functions of the job effectively and in a safe manner that does not endanger other individuals in the workplace.

Violations of this policy may lead to disciplinary action, which could include termination and criminal prosecution. If an MCG official has a reasonable suspicion that an employee has possession of or is under the influence of a prohibited or dangerous substance, MCG reserves the right to subject the employee to a search of his or her clothing and/or possessions and it also reserves the right to implement other measures, such as involving the appropriate law enforcement agencies, to deter and detect any violation of this policy.

The company reserves the right to investigate possible violations of this policy, which may include

testing for alcohol or drug use and/or inspection of a person's vehicle(s) or personal belongings, when there is reasonable suspicion to believe that the employee may be under the influence of alcohol or illegal drugs. "Reasonable suspicion" includes a suspicion that is based on specific personal observations such as employee's manner, disposition, muscular movement, appearance, behavior, speech or breath odor; information provided to management by an employee, by law enforcement officials, by a security service or by other persons believed to be reliable; or a suspicion that is based on other surrounding circumstances.

## VII. STANDARDS OF CONDUCT

Groups of people who are working together for any purpose require certain guidelines pertaining to their conduct and relationships. Accordingly, it is important that all employees be aware of their responsibilities to the Company and to co-workers.

The following is only a **partial** list of unacceptable behaviors and conduct, as a complete list of all possible violations would be impossible to write. These violations (even if for a first time) of company standards may result in disciplinary action which may include verbal or written warnings, final warning, suspension, loss of wages, job reclassification, criminal prosecution and/or termination.

It is also important to note that nothing in this section is intended to modify the Company's employment at-will policy. MCG reserves the exclusive right to determine levels of discipline at its sole discretion, with or without notice, at any time.

- Failure to observe department working hours (e.g. starting time, rest and meal periods), including excessive absenteeism or tardiness as defined exclusively by MCG
- Conviction of, or arrest pending trials, for a crime that indicates that candidates may not be a good fit for the job or that threatens the safety or well-being of MCG, employees, clients, or property
- Gambling, fighting, assault, disorderly conduct, horseplay, or behavior that violates common decency, including using abusive language or obscene language or gestures
- Interference with, insubordination, or failure to carry out any reasonable direction of supervision
- Leaving the workplace without permission during scheduled work hours for reasons other than assigned duties
- Failure to observe fire prevention and/or safety regulations. This includes smoking and chewing tobacco in prohibited areas, failing to report any industrial injury promptly and any willful, deliberate, or repeated violations of safety regulations.
- Possessing weapons or explosives on company property or while conducting company business or using company vehicles
- Stealing or willfully damaging the property of the Company, clients, or others
- Removing company property without authorization
- Excessive or unauthorized use of company telephones or other equipment for personal use.
- Falsifying company information or records of any kind
- Any type of conduct that may pose an actual or potential conflict of interest to MCG
- Any violation of local, state or federal law
- Bringing alcoholic beverages or narcotics on company premises; consuming alcoholic beverages or using narcotics on company premises; being under the influence of alcohol or narcotics on company premises or while on company business; operating any MCG Corporation vehicle while in possession or under the influence of alcohol or drugs; selling or attempting to sell alcohol or drugs.
- Sleeping while on the job
- Excessive tardiness or absenteeism (refer to Absence Policy).

- Performance which does not meet standard practices or the requirements of the position. This includes inefficiency or careless performance of duties, and failure to maintain proper productivity standards.
- Harassment (e.g. sexual, visual, verbal, physical) directed at any person associated with the company including employees, customers or vendors.
- Engaging in other activities/practices that are in “conflict of interest” (as defined exclusively by the company) with MCG Corporation interests, or that may be inconsistent with the ordinary and reasonable rules of conduct necessary in order to have mutual welfare between the company and its employees.
- Electronic devices in the production area are prohibited. These include items such as radios, cell phones, pagers, hand held game devices, etc. This policy is exclusive of any medically required devices.

An employee’s failure or inability to perform assigned duties for reasons such as lack of necessary experience, education, skill, integrity, diligence, or other job related factors may result in termination.

Punctuality and regular attendance are essential to the proper operation of our business. As an employee, regular attendance and punctuality are expected, and are conditions of employment. We work as a team, and that requires each person to be in the right place at the right time.

We realize that you may have to miss work or be late on occasion because of unexpected circumstances. However, for the business to run profitably and efficiently, these times are expected to be infrequent.

All contractors are expected to report to work as scheduled, on time and prepared to start work. Non-exempt employees are also expected to remain at work for their entire work schedule, except for meal periods or when required to leave on authorized company business. Late arrival, early departure, or other absences from work are disruptive and must be avoided.

If you are going to be late, make sure to call and notify your supervisor within one hour of your scheduled starting time (or as soon as it is known to you). This call is a must, as well as a courtesy, to your supervisor and fellow workers. Failure to do so may result in disciplinary action, including termination. In all cases of absence or tardiness, you must provide the company with an honest reason or explanation. Employees not ready for work at their scheduled starting times are considered late. An “unexcused” lateness is defined as not being ready for work within ten minutes of the scheduled starting time. You are required to call your supervisor every day you are going to be absent. You are also expected to inform the Company of the anticipated duration of any absence.

The Company reserves the right, at its sole discretion, to require you to produce a medical doctor’s certificate for any absence or tardy. If you fail to meet this requirement and/or falsify or misrepresent any information concerning your attendance, you will receive disciplinary action, which could include termination.

**You will be considered to have voluntarily terminated your employment with MCG if you are absent three (3) or more consecutive days without making direct contact with your MCG recruiter, the Operations Manager, or a Managing Director.**

It is up to your host company as to the penalty for any single unexcused absence. Excessive absenteeism or tardiness, as defined exclusively by the company (even for legitimate illnesses), may result in disciplinary action, which could include termination. You are advised that even one absence may be considered excessive, depending on the surrounding circumstances.

Employees that are excessive or abusive in going home before the end of their shift due to illness will be subject to disciplinary action up to and including termination.

Each situation of excessive absenteeism or tardiness is treated on a case by case basis. MCG and your host company reserve the right to determine the level of discipline applied in regard to attendance, including punctuality, at its sole discretion.

This policy has been established so that employees will present themselves in a business like manner, and maintain necessary safety standards and regulations. If MCG determines that the employee's attire does not meet the appearance standards, the employee will be required to leave the site and return in attire conforming to the standards. All time away will be considered unexcused and unpaid.

Please refer to your direct supervisor as to your host company's dress code. MCG has provided the list below in lieu of a corporate policy from each host company. Please use the guidelines on the list below until your direct supervisor at your host company can provide you with a proper dress code.

- Basic appearance should always be neat, clean and of a professional nature. Attire should be unwrinkled with no visible holes or tears, and should not be of an extreme style.
- Jeans of any kind or color, denim skirts, tennis shoes and sweatshirts should not be worn, except on designated casual days.
- Women should wear conservative length skirts, dresses, or dress slacks with blouses and dress shoes. Hemlines should be no more than 4 inches above the knee.
- Each Friday and some working holidays (to be determined at the discretion of the Company) will be designated "Casual Days". On these days, the following guidelines should be taken into consideration:
  - No revealing clothing
  - No leggings
  - No shorts
  - No thong-type sandals
  - No hats

## **VIII. SAFETY STANDARDS**

Regardless of where you work for MCG, there is the possibility an accident could result in personal injury. This is why the Company has established a safety and health program which consists of a planned series of common sense controls and safety practices which need to be established for the protection of every employee.

Each facility in our company staffs is a safe work place for its employees consistent with federal, state, and local safety codes. Each employee is expected to obey safety rules and to exercise caution in all work activities. Employees must immediately report any unsafe condition to the appropriate supervisor and someone in the MCG office.

Due to the importance of safety in our environment, employees involved in any of the following will be subject to discipline up to and including termination:

1. Performing any unsafe act on company premises or engaging (or being involved in any way) in any act or behavior that is inconsistent with maintaining a safe work environment.
2. Failure to use safety devices provided or adhere to safety regulations and procedure, including:
  - a. Failure to wear safety glasses or other personal protective equipment provided as a shield against recognized hazards.
  - b. Unauthorized use of equipment, machines or material.

- c. Refusal to wear suitable attire or remove articles of clothing that may be unsafe in the work area.
3. Failing to immediately report all injuries to the immediate supervisor.
4. Operating machines or working with electricity or chemicals without prior safety instructions or in violation of such instructions.
5. Reporting for work or working when unfit to work safely.

Employees are required to report unsafe conditions or practices to their supervisor or someone in the MCG office. Employees' right to make safety suggestions is protected by law, but if they wish to report safety concerns anonymously, they can contact Operations confidentially.

MCG identifies and evaluates workplace hazards, investigates injuries and illnesses that occur at the Company. We also maintain safety, accident investigation and employee safety training records.

Employees should notify their supervisor and someone in the MCG office of all work injuries.

- Employees have specific rights under the law.
- The Company has specific obligations to employees injured at work.
- All accidents/injuries must be reported on an "Accident/Injury Investigation Report Form" (available from either your host company or the MCG office) within 24 hours of the incident.
- A "Facts about Worker's Compensation" booklet is available from the MCG office.

### **Safe Drinking Water & Toxic Enforcement Act (Prop 65)**

MCG, like other California companies, must provide advance warning to employees and visitors of the presence of detectable quantities of chemicals that the State of California has determined cause cancer, birth defects or other reproductive harm.

To comply with this requirement, warnings are posted at the entrance to areas where "Prop 65" chemicals, such as lead, may be found in production materials. While there is no risk at the MCG main office, each host company is required to post the same documentation if their sites are at risk.

### **Hazard communication**

Anyone who is in an area where hazardous chemicals are used has a "Right To Know" about the materials with which they work. To comply with the State and Federal law, MCG and each of the host companies we staff:

- Have a written hazard communication policy
- Maintain a chemical inventory
- Make Material Safety Data Sheets (MSDS'S) available to employees
- Make certain that containers are labeled properly
- Provide special instructions to employees before assignment to work in the area or prior to the introduction of a new chemical process to the work area.

### **Unsafe Acts/Performance**

The following is a list of some unsafe acts that violate the Company's safety policy. This is only a partial list as a complete list of all possible violations would be impossible to write. If any of these occur, it will be grounds for a written warning, suspension, loss of wages, job reclassification, and/or termination. MCG and the companies MCG represents reserve the exclusive right to

determine levels of discipline at its discretion. Nothing in this section is intended to modify MCG employment at-will policy.

1. Any act that might endanger the safety or life of others.
2. Failure to observe fire prevention and/or safety regulations. This includes failing to report an industrial injury promptly, and any willful, deliberate, or repeated violation of safety regulations.
3. Abusing, destroying, damaging, or defacing property, tools, and equipment anywhere on the Company premises. This includes acts made in an inattentive or neglectful manner, which could result in substantial damage to the Company or personal property.
4. Fighting (including the provocation of physical altercations), throwing things, horseplay, malicious misconduct, or any other forms of disorderly conduct.
5. Bringing alcoholic beverages or narcotics on company premises, consuming alcoholic beverages or using narcotics on company premises, being under the influence of alcohol or narcotics on company premises or while on company business, or operating any vehicle (during the course of business) while in possession or under the influence of alcohol or drugs.
6. Possession of firearms and/or explosive materials on company premises.
7. Failure to report any accident involving a company vehicle promptly.
8. Smoking in non-designated areas. Smoking is not permitted in and of MCG's buildings or those that our host companies occupy, in California.
9. Failure to wear/use required safety clothing and equipment (including safety shoes, safety glasses, and other appropriate clothing).
10. Wearing hanging items such as jewelry, long hair, sleeves, and bracelets.
11. Refusal to comply with established safety rules or regulations.
12. Negligence of not taking action on, or reporting known unsafe conditions, equipment, or employees (e.g. an employee "under the influence" must be brought to the supervisor's attention immediately).
13. Contributing to unsanitary conditions or poor housekeeping, or failure to perform good housekeeping or clean up.
14. Unsafe operation of stationary equipment or tools (e.g. shortcutting, mis-application); or of mobile equipment (e.g. speeding, racing, reckless driving, no seat belt--to include use of defective equipment or failure to inspect before use).
15. Failure to notify the supervisor or one of the Plan Administrators before obtaining medical assistance for any work related injury/illness.
16. Engaging in activities or practices that endanger the safety or life of others, or company property not specifically covered above.

### **In Closing**

We hope this handbook has served to help you become better acquainted with MCG. You now have had the opportunity to read about our company and learn about our benefits, policies, and procedures. I am happy that you are a part of our team.

Due to the fact that we employ so many contractors that are actually working at other companies, or "host" companies, not every bit of pertinent information has been presented in this manual. We have tried to include a broad spectrum of information, regulations, and rules but we at MCG encourage every contractor to speak with their direct supervisor at their host company to get a detailed breakdown of that company's policies.

If you have questions, comments, or concerns, please do not hesitate to contact someone in the MCG office for further assistance.

Sincerely,

**MANAGEMENT CONSULTING GROUP**

**RECEIPT ACKNOWLEDGMENT**

This is to acknowledge that I have received a copy of the Employee Handbook and understand that it contains important information regarding MCG general personnel policies and my privileges and obligations as an employee. I will familiarize myself with the material in the handbook and understand that I am governed by its contents. I further understand that MCG may change, rescind, or add to any policies, benefits, or practices described in the handbook from time to time in its sole and absolute discretion, with or without prior notice.

This Employee Handbook is the property of MCG, and it is intended for your personal use and reference as an employee of the Company. Circulation of this handbook outside the Company requires the prior written approval of the Managing Directors.

I understand that MCG cannot accurately represent every law, rule, and regulation from each of the companies that MCG staffs and will diligently follow up with my assigned supervisor at my assigned company to become familiar with that particular company's Human Resources policies.

I AGREE AND UNDERSTAND THAT THIS EMPLOYEE HANDBOOK IS NOT INTENDED TO CREATE A CONTRACT OF EMPLOYMENT FOR A SPECIFIED TERM. EMPLOYMENT WITH MCG IS NOT FOR ANY SPECIFIED DURATION AND CONSTITUTES AT-WILL EMPLOYMENT. ACCORDINGLY, I AGREE THAT THE EMPLOYMENT RELATIONSHIP MAY BE TERMINATED BY MCG, MY HOST COMPANY, OR ME AT ANY TIME, WITH OR WITHOUT NOTICE, AND WITH OR WITHOUT CAUSE. I ALSO AGREE THAT THE AT-WILL RELATIONSHIP CONSTITUTES THE ENTIRE AND SOLE AGREEMENT BETWEEN MCG AND ME CONCERNING MY EMPLOYMENT. FINALLY, I AGREE THAT THIS AGREEMENT CAN ONLY BE MODIFIED, OR AMENDED, IN WRITING, AS EXECUTED BY THE MANAGING DIRECTORS OF MCG AND MYSELF.

Dated \_\_\_\_\_

Signature \_\_\_\_\_

Printed Name: \_\_\_\_\_

To: All Employees  
Fm: Management Consulting Group  
Re: **Maintaining a Harassment Free Environment**

Although we have always believed in the principles underlying a harassment free environment, we believe that this subject is important enough to warrant a specific policy statement which is written below.

**A. PURPOSE**

In order to provide a productive and pleasant working environment, it is important that we at MCG (and all of our external client companies) maintain an atmosphere characterized by mutual respect. Accordingly, the kind of conduct characterized as harassment below is not tolerated. In addition, we need to protect company employees (to the extent possible) from reported harassment by non-employees.

**B. DEFINITIONS**

1. In general, ethnic or racial slurs, jokes, and other verbal or physical conduct relating to a person's race, color, religion, national origin or ancestry, age, sex/gender, citizenship, sexual orientation, marital status, physical or mental disability, pregnancy (childbirth) or related medical conditions, or any other basis protected by law may constitute harassment (including sexual harassment) when they unreasonably interfere with a person's work performance or create an intimidating work environment.
2. Sexual harassment has been defined by federal and state regulations as a form of sex discrimination. It can consist of unwelcome sexual advances; requests for sexual favors; the display of derogatory posters, cartoons, or drawings; or other physical or verbal conduct of a sexual nature by supervisors or others.
  - (a) Sexual harassment exists when:
    1. Supervisors or managers make submission to the type of conduct described above either an explicit or implicit term or condition of employment decision (including hiring, compensation, promotion or retention); or
    2. Submission to or rejection of such conduct is used by supervisors or managers as a basis for employment decisions.
  - (b) Sexual harassment may also exist when the type of conduct described above unreasonably interferes with another employee's work performance, or creates an intimidating, hostile or offensive work environment.
3. Employee for the purpose of this policy statement is defined as anyone that is employed by MCG including officers, managers and supervisors.

**C. POLICY**

Harassment, including sexual harassment, is contrary to the basic standards of conduct between individuals, and it is prohibited by state law, the Federal Employment and Housing Commission (FEHC), and EEOC regulations. It is a violation of company policy for any employee to engage in any of the acts or behavior defined above. This includes doing any of the following which may unreasonably affect or interfere with an employee's work performance to other employees, clients, suppliers, or other associates of MCG or which could create an intimidating, hostile or offensive work environment.

1. Threaten or insinuate either explicitly or implicitly that another employee's refusal to submit to sexual advances will adversely affect the employee's employment,

evaluation, wages, advancement, assigned duties, or any other condition of employment or career development.

2. Make unwelcome sexual flirtations, advances, or propositions.
3. Engage in verbal abuse (including of a sexual nature).
4. Display sexually suggestive or derogatory pictures, cartoons, posters, or drawings.
5. Make slurs, jokes, and other verbal, graphic, or physical gestures relating to an individual's race, color, religion, national origin or ancestry, age, sex/gender, citizenship, sexual orientation, marital status, physical or mental disability, pregnancy (childbirth) or related medical conditions, or any other basis protected by law.

The Company does not tolerate violations to this policy, whether such acts or behavior occur on company premises or while at such activities as trade shows, visiting clients/vendors, etc. The Company takes corrective action when an employee is determined to have violated this policy. Such actions may include a wide range of disciplinary measures up to and including discharge.

**D. COMPLAINT PROCEDURE**

Any employee or employment applicant who feels that he or she has been harassed, as defined above or in the informational pamphlet attached, should report the alleged actions immediately. Do not assume the Company is aware of the problem.

Complaints of harassment should be directed to:

- Your immediate supervisor; or
- Any member of management that the employee feels comfortable talking to about the situation; or
- Any other person in the MCG office

The Company investigates and resolves such complaints or problems as promptly, confidentially, and effectively as possible. It also prohibits retaliation against anyone who raises a complaint of discrimination or harassment in good faith or anyone who witnesses discrimination or harassment.

A non-employee who subjects an employee of MCG to harassment will be informed of the harassment policy and other action may be taken as appropriate.

If anyone should have any questions or concerns regarding any of the above material, please feel free to see me or any other manager you feel comfortable talking to.

**ACKNOWLEDGMENT & SIGNATURE:**

I acknowledge that I have read, understand, and agree to comply with this policy; and that I have received the attached informational pamphlet regarding Sexual Harassment.

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Name (Please Print)

Signature

Date

## EMPLOYEE CONFIDENTIAL INFORMATION AGREEMENT

In consideration of my employment by MCG (the "Company") and any of its Clients I hereby agree to the following with respect to my use and development of information from the Company and Clients, as more fully set out below.

### **PURPOSE OF THE AGREEMENT**

I wish to be employed by the Company, and the Company wishes to employ me, provided that, in so doing, it can protect its trade secrets, ideas, information, business, and good will.

In consideration of this purpose, and the mutual promises in this Agreement, effective my hire date of \_\_\_\_\_, I agree as follows:

1. **Term.**
  - (a) My employment with the Company is an at-will relationship that may be terminated by either the Company or me with or without cause for any reason whatsoever at any time upon notice to the other party.
  - (b) If my employment is terminated for any reason, I will be entitled only to the compensation earned by me as of the date of termination.
2. **Confidential Information.** I will hold in confidence during the term of my employment and for five years after the termination of my employment all Confidential Information of the Company and all Confidential Information of companies or persons other than the Company given to the Company under an agreement or understanding prohibiting its disclosure, and I will not use any such Confidential Information except to perform my duties as an employee, officer or director of the Company. "Confidential Information" refers to valuable technical or business information that is not known by the public. By way of example, Confidential Information may include information relating to clients and potential clients, nonpublic financial information, fund performance, company plans and proprietary computer information.

These restrictions on disclosure do not apply if (i) the information is or becomes publicly known through no wrongful act on my part, (ii) I already knew the information prior to the time I began employment with the Company, other than by disclosure to me by the Company, (iii) I received the information without any wrongdoing from someone outside the Company who does not have an obligation to keep the information confidential, (iv) the information is explicitly approved for release by an officer of the Company, or (v) the information is disclosed pursuant to the requirement of a governmental agency.
3. **Tangible Materials.** All tangible materials that incorporate Confidential Information are the Company's property, and I will give all these materials back to the Company at the termination of my employment or earlier upon the Company's request.
4. **Solicitation of Employees.** I understand that information about the Company's employees, such as their skills, performance ratings, and salary histories, constitutes Confidential Information owned by the Company. I agree that, for a period of twelve (12) months after termination of my employment for any reason, I will not, either directly or indirectly, solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to do any of these things, whether on my own behalf or on behalf of any other person, since to do so would necessarily involve using Confidential Information.
5. **Performance and Duty of Loyalty.** During my employment with the Company, I will devote my time and efforts to my assigned duties and the operations of the Company in

accordance with the Company's policies and regulations, some of which may be contained in an employee handbook. I understand that such handbooks are merely management guidelines which may be changed by the Company from time to time, and that they do not constitute part of a contract of employment between myself and the Company. During my employment with the Company, I will not engage in any business activity (either for my own profit or for anyone else) that competes with the Company's business. Furthermore, I agree that I will not solicit business from the Company's clients without prior authorization from the Company for a period of twelve (12) months after the termination of this contract. If I am contacted in regard to a new position at Client site I agree that I will notify Company of Client's intent and give Company first rights to hire me for a period of twelve (12) months following the termination of this contract.

6. **Duties to Third Parties.** I represent that, to the best of my knowledge, compliance with the terms of this Agreement will not violate any duty that I may have to anyone other than the Company (such as a former employer) to keep such person's proprietary information in confidence. If at any time during my employment with the Company, I am asked by the Company to perform work which I believe may cause me to violate a duty I have to someone other than the Company, I will immediately inform an officer of the Company so that an assessment of the situation may be made. I also agree that I will not, during my employment with the Company, bring onto the Company's premises, use or disclose to the Company any proprietary information or trade secrets of any former employer or any other person without that person's consent.
  
7. **Miscellaneous Provisions.** This is the only agreement between the Company and myself about confidential information, and may not be modified, amended or terminated, in whole or in part, except in writing signed by me and by an officer of the Company. Any later change in my title, compensation or duties will not affect this Agreement. This Agreement will survive termination of my employment for any reason, and will continue for the benefit of and will be binding upon the successors, assigns, heirs and legal representatives of the Company and myself. Any waiver by the Company of a breach of any of the obligations of this Agreement by me will not operate or be construed as a waiver of any other or subsequent breach by me. In the event any provision of this Agreement is held to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way. This Agreement will be governed by the laws of the State of California governing contracts between residents to be performed in the State of California.

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Dated

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Printed Name

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Employee Signature