



Ka'ala Systems Technology Corporation (KST)

Employee Handbook Policies and Guidelines

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**98-025 Hekaha St. #224A
Aiea, HI 96701
Telephone: 808.521.7000
Fax: 808.521.7003**

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Welcome to Ka'ala Systems Technology Corporation

The Ka'ala Systems Technology Corporation (KST) Employee Handbook provides general policies and guidelines that can be used in a place of employment. The policies and guidelines herein are promulgated to ensure the rules set forth in the corporation are uniform, explicit, and consistent for all KST employees.

These policies and guidelines set forth in this handbook are distributed to each employee. It is important to ensure that all published/posted rules and regulations are consistent throughout the place of employment. Further, the policies and guidelines contained in this handbook are not necessarily all inclusive. Both state and federal laws establish certain rules and regulations regarding employment (e.g. minimum wage requirements, unemployment compensation, non-discrimination requirements, disabilities, etc.), which take precedence over this handbook.

A handwritten signature in black ink, appearing to read 'Adrian Yunson', with a stylized flourish at the end.

Adrian Yunson
President/CEO
Ka'ala Systems Technology Corporation

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Section 1

Introduction

1.1 Employee Handbook

This Employee Handbook is designed to summarize certain personnel policies and benefits of Ka'ala Systems Technology Corporation (the "Company"), at 98-025 Hekaha St., Aiea, Hawaii and to acquaint employees with many of the rules concerning employment with the Company. This Handbook applies to all employees, and compliance with the Company's policies is a condition of employment. This Handbook supersedes all previous employment policies, written and oral, express and implied. The Company reserves the right to modify, rescind, delete, or add to the provisions of this Handbook from time to time in its sole and absolute discretion. This Employee Handbook is not a binding contract between the Company and its employees, nor is it intended to alter the at-will employment relationship between the Company and its employees. The Company reserves the right to interpret the policies in this Handbook and to deviate from them when, in its discretion, it determines it is appropriate.

1.2 Changes in Policy

Since our business is constantly changing, the Company expressly reserves the right to revise, modify, delete, or add to any and all policies, procedures, work rules, or benefits stated in this handbook or in any other document, except for the policy of at-will employment as described below. No oral statements or representations can in any way alter the provisions of this Handbook. Nothing in this employee handbook or in any other document, including benefit plan descriptions, creates or is intended to create a promise or representation of continued employment for any employee. Any changes to your at-will employment status, described below, must be in writing and must be signed by the Company.

If you are uncertain about any policy or procedure, please check with your manager or Human Resources.

1.3 Employment-At-Will

Employment with the Company is on an at-will basis, unless otherwise specified in a written employment agreement. You are free to resign at any time, for any reason, with or without notice. Similarly, the Company is free to conclude the employment relationship at any time for any lawful reason, with or without cause, and with or without notice.

Nothing in this Handbook will limit the right of either party to terminate an at-will employment. No section of this Handbook is meant to be construed, nor should be construed, as establishing anything other than an employment-at-will relationship. This Handbook does not limit management's discretion to make personnel decisions such as reassignment, change of wages and benefits, demotion, etc. No person other than the CEO, President, or CFO has the authority to enter into an agreement for employment for any specified period of time or to make an agreement for employment other than at-will terms. Only the CEO, President, or CFO of the Company has the authority to make any such agreement, which is only binding if it is in writing and signed by the President of the Company.

Section 2

Employment Policies

2.1 Employee Classifications

The following terms are used to describe employees and their employment status:

Exempt Employees - Employees whose positions meet specific tests established by the Federal Labor Standards Act ("FLSA") and Hawaii state law. In general, exempt employees are those engaged in executive, managerial, high-level administrative and professional jobs who are paid a fixed salary and perform certain duties. In addition, certain commissioned sales employees and highly paid computer professionals are exempt. Exempt employees are not subject to the minimum wage and overtime laws.

Nonexempt Employees - Employees whose positions do not meet specific tests established by the FLSA and Hawaii state law. All employees who are covered by the federal or state minimum wage and overtime laws are considered nonexempt. Employees working in nonexempt jobs are entitled to be paid at least the minimum wage per hour and a premium for overtime.

Full-Time Employees - Employees who are not temporary employees, independent contractors, or independent consultants and who are regularly scheduled to work a schedule of 40 hours per work week.

Part-Time Employees - Employees who are not temporary employees, independent contractors, or independent consultants and who are regularly scheduled to work less than 40 hours per work week.

Temporary Employees - Employees who are hired as interim replacements to temporarily supplement the workforce or to assist in the completion of a specific project. Employment assignments in this category are of limited duration and the temporary employee can be let go before the end of the defined period. Short term assignments generally are periods of three (3) months or less, however, such assignments may be extended. All Temporary employees are at-will regardless of the anticipated duration of the assignment (see Employment-at-Will Policy). Temporary employees retain that status unless and until notified in writing of a change.

Independent Contractor or Consultant - These individuals are not employees of the Company and are self-employed. An independent contractor or consultant is engaged to perform a task according to his/her own methods and is subject to control and direction only as to the results to be accomplished. Independent contractors or consultants are not entitled to benefits.

Each employee will be advised of his or her status at the time of hire and any change in status. Regardless of the employee's status, the employee is employed at-will and the employment relationship can be terminated by the Company or the employee at any time, with or without cause and with or without notice.

2.2 Equal Employment Opportunity & Americans with Disabilities Act

It is the policy of the Company to provide equal employment opportunities to all employees and employment applicants without regard to unlawful considerations of race, religion, creed, color, national origin, sex, pregnancy, sexual orientation, gender identity, age, ancestry, physical or mental disability, genetic information, marital status or any other classification protected by applicable local, state or federal laws. This policy prohibits

unlawful discrimination based on the perception that anyone has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This policy applies to all aspects of employment, including, but not limited to, hiring, job assignment, working conditions, compensation, promotion, benefits, scheduling, training, discipline and termination.

The Company expects all employees to support our equal employment opportunity policy, and to take all steps necessary to maintain a workplace free from unlawful discrimination and harassment and to accommodate others in line with this policy to the fullest extent required by law. For example, the Company will make reasonable accommodations for employees' observance of religious holidays and practices unless the accommodation would cause an undue hardship on the Company's operations. If you desire a religious accommodation, you are required to make the request in writing to your manager as far in advance as possible. You are expected to strive to find co-workers who can assist in the accommodation (e.g. trade shifts) and cooperate with the Company in seeking and evaluating alternatives.

Moreover, in compliance with the Americans with Disabilities Act (ADA), the Company provides reasonable accommodations to qualified individuals with disabilities to the fullest extent required by law. The Company may require medical certification of both the disability and the need for accommodation. Keep in mind that the Company can only seek to accommodate the known physical or mental limitations of an otherwise qualified individual. Therefore, it is your responsibility to come forward if you need an accommodation. The Company will engage in an interactive process with the employee to identify possible accommodations, if any will help the applicant or employee perform the job.

2.3 Confidentiality

In the course of employment with the Company, employees may have access to "Confidential Information" regarding the Company, which may include its business strategy, future plans, financial information, contracts, suppliers, customers, personnel information or other information that the Company considers proprietary and confidential. Maintaining the confidentiality of this information is vital to the Company's competitive position in the industry and, ultimately, to its ability to achieve financial success and stability. Employees must protect this information by safeguarding it when in use, using it only for the business of the Company and disclosing it only when authorized to do so and to those who have a legitimate business need to know about it. This duty of confidentiality applies whether the employee is on or off the Company's premises, and during and even after the end of the employee's employment with the Company. This duty of confidentiality also applies to communications transmitted by the Company's electronic communications. See also Internet, Email and Computer Use policy, herein.

As a condition of employment with the Company, all employees are required to sign a Non-Disclosure Agreement.

2.4 Employment of Relatives

The Company recognizes that the employment of relatives in certain circumstances, such as when they will work in the same department, supervise or manage the other, or have access to confidential or sensitive information regarding the other, can cause problems related to supervision, safety, security or morale, or create conflicts of interest that materially and substantially disrupt the Company's operations. When the Company determines any of these problems will be present, it will decline to hire an individual to work in the same department as a relative. Relatives subject to this policy include: father, mother, sister, brother, current spouse or domestic

partner, child (natural, foster, or adopted), current mother-in-law, current father-in-law, grandparent, or grandchild.

If present employees become relatives during employment, the Company should be notified so that we may determine whether a problem involving supervision, safety, security or morale, or a conflict of interest that would materially and substantially disrupt the Company's operations exists. If the Company determines that such a problem exists, the Company will take appropriate steps to resolve the problem, which may include reassignment of one relative (if feasible) or asking for the resignation of one of the relatives.

2.5 Personnel Records and Employee References

The Company maintains a personnel file and payroll records for each employee as required by law. Personnel files and payroll records are the property of the Company and may not be removed from Company premises without written authorization. Because personnel files and payroll records are confidential, access to the records is restricted. Generally, only those who have a legitimate reason to review information in an employee's file are allowed to do so. Disclosure of personnel information to outside sources will be limited. However, the Company will cooperate with requests from authorized law enforcement or local, state, or federal agencies conducting official investigations and as otherwise legally required.

Employees may contact a Human Resources representative to request a time to review their payroll records and/or personnel file. With reasonable advance notice, an employee may review his or her own records in the Company's offices during regular business hours and in the presence of an individual appointed by the Company to maintain the records. No copies of documents in your file may be made, with the exception of documents that you have previously signed. You may add your comments to any disputed item in the file.

By policy, the Company will provide only the former or present employee's dates of employment and position(s) held with the Company. Compensation information may also be verified if written authorization is provided by the employee.

2.6 Privacy

The Company is respectful of employee privacy. All employee demographic and personal information will be shared only as required in the normal course of business. Workers' Compensation information is not considered private healthcare information; however, this information will be released only on a need-to-know basis.

The Company does not make or receive any private healthcare information through the course of normal work. If any employee voluntarily shares private healthcare information with a member of management, this information will be kept confidential.

2.7 Immigration Law Compliance

In compliance with the Immigration Reform and Control Act of 1986, each new employee, as a condition of employment, must complete the Employment Eligibility Verification Form I-9 on the date of hire and present documentation establishing identity and employment eligibility within three business days of date of hire. Former employees who are rehired must also complete an I-9 form if they have not completed an I-9 form with the Company within the past three years, or if their previous I-9 form is no longer retained or valid. You may raise questions or complaints about immigration law compliance without fear of reprisal.

2.8 Political Neutrality

Maintenance of individual freedom and our political institutions necessitates broad scale participation by citizens concerning the selection, nomination and election of our public office holders. The Company will not discriminate against any employee because of identification with and support of any lawful political activity. Company employees are entitled to their own personal political position. The Company will not discriminate against employees based on their lawful political activity engaged in outside of work. If you are engaging in political activity, however, you should always make it clear that your actions and opinions are your own and not necessarily those of the Company, and that you are not representing the Company.

Section 3

Hours of Work and Payroll Practices

3.1 Pay Periods and Paydays

Employees are paid on the 5th and 20th of each month. All employees are paid by check or direct deposit on the above-mentioned payday. If the regular payday falls on a weekend or Company holiday, employees will be paid on the last business day before the holiday provided the employee's respective timesheet is submitted 3-working days prior to the expected pay date.

3.2 Overtime

Nonexempt employees will be paid in accordance with federal and Hawaii state law. All overtime work by non-exempt employees must be authorized in advance by their manager. Only hours actually worked will be used to calculate overtime pay. If an employee does not work a full 40hr week due to the use of vacation time, sick time, or holidays, overtime hours cannot be claimed.

3.3 Breaks and lunches.

All break and lunch periods will be in accordance with local state law.

Nonexempt employees will be provided a 10-minute break for every four-hour period of work. This time is counted and paid as time worked. Nonexempt employees scheduled to work more than a five-hour period will be provided a 30-minute unpaid lunch period.

3.4 Timesheets

All employees are required to keep an accurate and complete record of their attendance and hours worked. Timesheets are official business records and may not be altered without the employee's supervisor's approval and may not be falsified in any way. Please review timesheet Policy for more details. (On KST Intranet web site)

3.5 Payroll Deductions.

Various payroll deductions are made each payday to comply with federal and state laws pertaining to taxes and insurance. Deductions will be made for the following: Federal and State Income Tax Withholding, Social Security, Medicare, State Disability Insurance, Family Temporary Disability Insurance, Child Support Withholding, and other items designated by you or required by law (including a valid court order). You can adjust your federal and state income tax withholding by completing the proper federal or state form and submitting it to Accounting or Human Resources. At the start of each calendar year, you will be supplied with your Wage and Tax Statement (W-2) form for the prior year. This statement summarizes your income and deductions for the year.

3.6 Wage Garnishment.

A garnishment is court ordered and requires an employer to remit part of an employee's wages to a third party to satisfy a just debt. Once the Company receives the legal papers ordering a garnishment, we are required by law to continue making deductions from your check until we have withheld the full amount or until we receive legal papers from the court to stop the garnishment. Even if you have already paid the debt, we still need the legal papers to stop the garnishment.

3.7 Direct Deposit

All employees are encouraged, but not required, to sign up for direct deposit to have their paychecks deposited into a bank account of an accredited participating bank or credit union. It will take between 2 – 3 pay periods until direct deposit account is verified. Until then, employee will receive a manual check(s) mailed to the mailing address we have on file.

Section 4

Standards of Conduct and Employee Performance

4.1 Anti- Harassment and Discrimination.

The Company is committed to providing a work environment free of sexual or any form of unlawful harassment or discrimination. Harassment or unlawful discrimination against individuals on the basis of race, religion, creed, color, national origin, sex, pregnancy, sexual orientation, gender identity, age, ancestry, physical or mental disability, genetic information, marital status or any other classification protected by local, state or federal laws is illegal and prohibited by Company policy. Such conduct by or towards any employee, contract worker, customer, vendor or anyone else who does business with the Company will not be tolerated. Any employee or contract worker who violates this policy will be subject to disciplinary action, up to and including termination of his or her employment or engagement. To the extent a customer, vendor or other person with whom the Company does business engages in unlawful harassment or discrimination, the Company will take appropriate corrective action.

Prohibited Conduct:

Prohibited harassment or discrimination includes any verbal, physical or visual conduct based on sex, race, age, national origin, disability or any other legally protected basis if:

- a. submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment or engagement;
- b. submission to or rejection of such conduct by an individual is used as a basis for decisions concerning that individual's employment or engagement; or
- c. it creates a hostile or offensive work environment.

Prohibited harassment includes (but is not limited to) unwelcome sexual advances, requests for sexual favors and lewd, vulgar or obscene remarks, jokes, posters or cartoons, and any unwelcome touching, pinching or other physical contact. Other forms of unlawful harassment or discrimination may include racial epithets, slurs and derogatory remarks, stereotypes, jokes, posters or cartoons based on race, national origin, age, disability, marital status or other legally protected categories. Prohibited harassment might also be transmitted using the Company's electronic communications system, or through other on-line conduct.

Complaint Procedure:

Employees or contract workers who feel that they have been harassed or discriminated against, or who witness any harassment or discrimination by an employee, contract worker, customer, vendor or anyone else who does business with the Company, should immediately report such conduct to their supervisor or any other member of management.

Do not allow an inappropriate situation to continue by not reporting it, regardless of who is creating the situation. No employee, contract worker, customer, vendor or other person who does business with this organization is exempt from the prohibitions in this policy. In response to every complaint, the Company will investigate which may involve interviewing witnesses if warranted and, if improper conduct is found, take appropriate corrective action.

To the extent that an employee or contract worker is not satisfied with the Company's handling of a harassment or discrimination complaint, he or she may also contact the appropriate state or federal enforcement agency for legal relief.

4.2 Attendance.

Punctuality and regular attendance are essential to the successful operation of the Company's business. The employee is responsible for notifying their direct supervisor and KST of any worktime missed. If an employee is unable to report to work, is unable to report to work on time, or desires to leave work early for any reason, the employee must notify their direct supervisor and KST personnel. Employee must coordinate the absence with the customer.

In the event the employee fails to report to work for 5 consecutive workdays without proper notification, the employee will be deemed to have voluntarily resigned from his or her employment with the Company and will be removed from the payroll immediately.

Excessive absenteeism or tardiness may subject the employee to disciplinary action, up to and including termination.

4.3 Discipline and Standards of Conduct.

As an at-will employer, the Company may impose discipline whenever it determines it is necessary or appropriate. Discipline may take various forms, including verbal counseling, written warnings, suspension, demotion, transfer, reassignment or termination. The discipline imposed will depend on the circumstances of each case; therefore, discipline will not necessarily be imposed in any particular sequence. Moreover, at any time the Company determines it is appropriate, an employee may be terminated immediately.

Every organization must have certain standards of conduct to guide the behavior of employees. Although there is no possible way to identify every rule of conduct, the following is an illustrative list (not intended to be comprehensive or to limit the Company's right to impose discipline for any other conduct it deems inappropriate). Keep in mind that these standards of conduct apply to all employees whenever they are on Company property and/or conducting Company business (on or off Company property). Engaging in any conduct the Company deems inappropriate may result in disciplinary action, up to and including termination.

- a. Dishonesty;
- b. Falsification of Company records; e.g. Timesheets
- c. Unauthorized use or possession of property that belongs to the Company, a coworker, or of the public;
- d. Possession or control of illegal drugs, weapons, explosives, or other dangerous or unauthorized materials;
- e. Fighting, engaging in threats of violence or violence, use of vulgar or abusive language, horseplay, practical jokes or other disorderly conduct that may endanger others or damage property;
- f. Insubordination, failure to perform assigned duties or failure to comply with the Company's health, safety or other rules;
- g. Unauthorized or careless use of the Company's materials, equipment or property;
- h. Unauthorized and/or excessive absenteeism or tardiness;
- i. Lack of teamwork, poor communication, unsatisfactory performance, unprofessional conduct, or conduct improper for the workplace;
- j. Sexual or other illegal harassment or discrimination;
- k. Unauthorized use or disclosure of the Company's confidential information;
- l. Violation of any Company policy.

4.4 Dress Code

KST encourages our employees to maintain a professional image at all times. You have the freedom of selecting clothing suited to your liking; however, please be sure they are not revealing or inappropriate. There are items which are not appropriate (i.e. blue jeans, T-shirts, and/or slippers). Always double-check with your KST supervisor or Project Manager if you are unsure of what is appropriate. For government facilities you must wear office business attire commensurate with government workers attire.

4.5 Safety

The Company is committed to providing a safe workplace. Accordingly, the Company emphasizes "safety first." It is the employee's responsibility to take steps to promote safety in the workplace and work in a safe manner. By remaining safety conscious, employees can protect themselves and their coworkers. Employees are expected to promptly report all unsafe working conditions, accidents and injuries, regardless of how minor so that any potential hazards can be corrected.

If an employee is injured on the job it needs to be reported immediately to the company.

4.6 Substance and Abuse

It is the intent of KST to maintain a workplace that is free of drugs and alcohol and to discourage drug and alcohol abuse by its employees. KST has a vital interest in maintaining safe and efficient working conditions for its employees. Substance abuse is incompatible with health, safety, efficiency, and success at KST. Employees who are under the influence of a drug or alcohol on the job compromise KST interest, endanger their own health and safety and the health and safety of others, and can cause a number of other work-related problems, including absenteeism and tardiness, substandard job performance, increased workloads for coworkers, behavior that disrupts other employees, delays in the completion of jobs, inferior quality in products or service, and disruption of customer relations.

To further its interest in avoiding accidents, to promote and maintain safe and efficient working conditions for its employees, and to protect its business, property, equipment, and operations, KST has established this handbook concerning the use of alcohol and drugs. As a condition of continued employment with KST, each employee must abide by the handbook.

4.7 Workplace Searches

All offices, desks, file drawers, cabinets, lockers, Company vehicles, and other Company equipment (including but not limited to computers, e-mail and voice mail) and facilities or any area on Company premises are the property of the Company ("Company Property") and are intended for business use. Employees should have no expectation of privacy with respect to Company property and/or items stored within Company Property or on Company premises. Inspection may be conducted at any time, without notice, at the discretion of the Company.

In addition, when the Company deems appropriate, employees may be required to submit to searches of their personal vehicles, parcels, purses, handbags, backpacks, brief cases, lunch boxes or any other possessions or articles brought on to the Company's premises.

Persons entering the premises who refuse to cooperate in an inspection conducted pursuant to this policy may not be permitted to enter the premises. All employees must cooperate in an inspection; failure to do so is insubordination and will result in disciplinary action, up to and including termination.

4.8 Internet, Email and Computer Use Policy

The following rules apply to all forms of electronic communications and media that are: (1) accessed on or from Company premises; (2) accessed using the Company computer or telecommunications equipment, or via Company-paid access methods; and/or (3) used in a manner which identifies the Company. The following list is not exhaustive, and the Company may implement additional rules from time to time.

a. Electronic communication and media may not be used in any manner that would be discriminatory, harassing, or obscene, or for any other purpose that is illegal, against Company policy, or not in the best interest of the Company. Employees who misuse electronic communications and engage in defamation, copyright or trademark infringement, misappropriation of trade secrets, discrimination, harassment, or related actions will be subject to discipline, up to and including termination. Employees may not install personal software on Company computer systems.

b. Employee's own electronic media may only be used during breaks. All other company policies, including the Company's no tolerance for discrimination, harassment, or retaliation in the workplace apply.

c. All electronic information created by any employee on Company premises or transmitted to Company property using any means of electronic communication is the property of the Company and remains the property of the Company. You should not assume that any electronic communications are private or confidential and should transmit personal sensitive information in other ways. Personal passwords may be used for purposes of security, but the use of a personal password does not affect the Company's ownership of the electronic information. The Company will override all personal passwords if necessary, for any reason.

d. The Company reserves the right to access and review electronic files, messages, internet use, blogs, 'tweets', instant messages, text messages, email, voice mail, and other digital archives, and to monitor the use of electronic communications as necessary to ensure that no misuse or violation of Company policy or any law occurs. All such information may be used and/or disclosed to others, in accordance with business needs and the law. The Company reserves the right to keep a record of all passwords and codes used and/or may be able to override any such password system.

e. Employees are not permitted to access the electronic communications of other employees or third parties unless directed to do so by Company management. No employee may install or use anonymous e-mail transmission programs or encryption of e-mail communications.

f. Employees who use devices on which information may be received and/or stored, including but not limited to cell phones, cordless phones, portable computers, fax machines, and voice mail communications are required to use these methods in strict compliance with the Confidentiality section of this Handbook. These communications tools should not be used for communicating confidential or sensitive information or any trade secrets.

g. Access to the Internet, websites, and other types of Company-paid computer access are to be used for Company-related business only. Any information about Company its products or services, or other types of

information that will appear in the electronic media about the Company must be approved before the information is placed on any electronic information resource that is accessible to others.

4.9 Social Media Policy

Employees are expected to conduct themselves in a professional manner and to respect the views and opinions of others. The Company and its employees are committed to conducting ourselves in accordance with best industry practices in social networking, to being responsible citizens and community members, to listening and responding to feedback, and to communicating in a courteous and professional manner. Behavior and content that may be deemed disrespectful, dishonest, offensive, harassing or damaging to the company's interests or reputation are not permitted. The use of social media channels on company time for personal purposes is not allowed.

Any social media contacts, including 'followers' or 'friends' that are acquired through accounts (including but not limited to email addresses, blogs, Twitter, Facebook, YouTube, LinkedIn, or other social media networks) created on behalf of the Company will be the property of the Company.

Employees must not disclose private or confidential information about the Company, its employees, clients, suppliers or customers on social networks. Employees must respect trademarks, copyrights, intellectual property and proprietary information. No third-party content should be published without prior permission from the owner.

The Company maintains the right to monitor company-related employee activity in social networks. Violation of policy guidelines is grounds for discipline, up to and including termination.

4.10 Cell Phone Policy

The use of personal cell phones at work is discouraged because it can interfere with work and be disruptive to others. Therefore, employees who bring personal cell phones to work are required to keep the ringer shut off or placed on vibrate mode when they are in the office, and to keep cell phone use confined to breaks and lunch periods. Conversations should be had away from areas where other employees are working. When cell phone use interferes with the satisfactory performance of an employee's duties or disturbs others, the privilege of using a personal cell phone at work may be taken away and other disciplinary action, up to and including termination, may be imposed.

The Company may provide cell phone allowances to employees in certain positions in an effort to improve efficiency and effectiveness. When cell phones are used for Company business, employees must comply with all Company policies governing conduct, including our policies prohibiting discrimination, harassment, and violence in the workplace. When using the cell phone in a public place, please remember to maintain the confidentiality of any private or confidential business information. As a courtesy to others, please shut cell phones off or place on vibrate mode during meetings.

Section 5

Employee Benefits and Services

5.1 Introduction

This Handbook does not contain the complete terms and/or conditions of any of the Company's current benefit plans. It is intended only to provide general explanations. For information regarding employee benefits and services, employees should contact Human Resources Manager or Operations Assistant.

5.2 Group Health Insurance

The Company offers health insurance for eligible Hawaii and Guam employees. For more information on your health plan coverage, please contact KST HR Manager or Operations Assistant for more information.

Employees who are not located in Hawaii or Guam are eligible to receive health care premium reimbursement for the individual up to \$450/month. If you have a family/dependent plan and/or out of pocket expenses, those will not be included in the monthly reimbursement.

Expense report with proof of payment must be submitted quarterly in order to be reimbursed.

January – March will be submitted in **April**

April – June will be submitted in **July**

July – September will be submitted in **October**

October – December will be submitted in **January**

5.3 Group Life Insurance

The Company offers a group life insurance plan for eligible employees, including accidental death and dismemberment coverage. The Company's group life insurance plan is offered through MetLife. For more information, please contact KST HR Manager or Operations Assistant.

5.4 Supplemental Insurance

AFLAC is offered to each employee. For more information, please contact KST HR Manager or Operations Assistant.

5.5 401(k) Plan

The Company's 401(k) Plan is a convenient payroll deductible method to help supplement employees' retirement benefits and provide a long-term vehicle to accumulate savings. At this time, KST does not match employee contributions.

5.6 COBRA

Under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA) of 1986, if you are covered under the Company's group health insurance plan(s) you are entitled to continue your coverage in the

event that your employment with the Company ends. Under COBRA, the Company must offer each qualified beneficiary (the employee and any covered dependents) who would otherwise lose coverage under the plan as a result of a qualifying event an opportunity to continue their insurance coverage. A qualifying event is defined as termination of employment, a reduction in the number of hours of employment, death of covered employee, divorce or legal separation, a dependent child ceases to be dependent, eligibility of the covered employee for Medicare, or an employer's bankruptcy.

5.7 Worker's Compensation

All states have Workers' Compensation laws whose purpose is to promote the general welfare of people by providing compensation for accidental injuries or death suffered in the course of employment. These laws are designed to provide protection to workers suffering occupational disabilities through accidents arising out of, and in the course of employment. The Company carries Workers' Compensation Insurance for all employees and pays the entire cost of the insurance program. An employee who suffers an injury or illness in connection with the job is usually eligible to receive payment through the insurance company for lost wages. In addition to disability payments, necessary hospital, medical and surgical expenses are covered under Workers' Compensation, with payments being made directly to the hospital or physician. Workers' Compensation benefits to injured workers also include assistance to help qualified injured employees return to suitable employment.

5.8 Social Security Benefits (FICA)

During your employment, you and the Company both contribute funds to the Federal government to support the Social Security Program. This program is intended to provide you with retirement benefit payments and medical coverage once you reach retirement age.

5.9 Unemployment Insurance

The company pays state and federal tax to provide employees with unemployment insurance coverage in the event they become unemployed through no fault of their own or due to circumstances described by law. This insurance is administered by applicable state agencies, who determine eligibility for benefits, the amount of benefits (if any), and duration of benefits.

Section 6

Employee Leaves of Absence and Time Off

6.1 Introduction

While regular attendance is crucial to maintain business operations, the Company recognizes that, for a variety of reasons, employees may need time off from work. The Company has available a number of types of leaves of absence. Some are governed by law and others are discretionary. For all planned leaves, however, employees must submit a request at least 15 days in advance; in case of emergencies or late request, employees should submit the request as soon as they become aware of the need for leave. All leaves must have the approval of KST management. If, during a leave, an employee accepts another job, engages in other employment or consulting outside of the Company, or applies for unemployment insurance benefits, the employee may be considered to have voluntarily resigned from employment with the Company.

6.2 Paid Time Off (PTO)

Paid Time Off (PTO) will be awarded per pay period based on specific conditions as agreed upon in your individual offer letter. PTO may be used for vacation, sick, etc. You may roll over **NO MORE THAN 40 HOURS** into the new calendar year which begins January 1 each year. **Remaining PTO hours in excess of 40 hours as of January 1 will be lost.**

6.3 Sick Days

You may use earned PTO if you miss work due to personal illness or the illness of a family member. If you are out more than three (3) consecutive days, you will need to provide a doctor's note upon your return.

6.3 Holidays

Company observes the following paid Federal holidays:

New Year's Day	Labor Day
Martin Luther King, Jr. Day	Columbus Day
Presidents Day	Veteran's Day
Memorial Day	Thanksgiving Day
Independence Day	Christmas Day

The Company will grant paid holiday time off to all eligible employees (FT – 8 hours, PT – 4 hours). KST will inform all employees of any unscheduled government holidays to be observed.

6.4 Maternity / Paternity Leave

KST employees may take a reasonable period of unpaid leave while they, or their partner, are disabled due to pregnancy, childbirth, and other related conditions. How much time is reasonable is to be determined by the employee's physician. Any employee affected by pregnancy is entitled to transfer temporarily to a less strenuous or hazardous position or to less strenuous or hazardous duties if the transfer is medically necessary and the transfer can be reasonable accommodated.

6.5 Workers' Compensation Leave.

Any employee who is unable to work due to a work-related injury or illness and who is eligible for Workers' Compensation benefits will be provided an unpaid leave for the period required.

6.6 Bereavement Leave.

In the event of a death in the immediate family, employees may have up to 3 paid working days at their regular straight time rate or base salary, to handle family affairs and attend the funeral. "Immediate family" is defined as: father, mother, brother, sister, spouse, domestic partner, child, mother-in-law, father-in-law, grandparents and grandchildren.

6.7 Jury Duty.

U.S. citizens have a civic obligation to provide jury duty service when called. Employees will be excused without pay for the duration of their civic duty requirements. Employee has the option to use PTO that has been accrued if they want the days off to be paid.

The employee must bring in the jury duty notice as soon as it is received so that appropriate arrangements can be made to cover his or her duties. Employees are required to call in or report for work on those days or parts of days when their presence in court is not required.

6.8 Voting Time.

Employees who are registered voters and who lack two consecutive hours outside of scheduled work when polls are open to vote in any local, state, and national election may take up to two consecutive hours excluding meal or rest breaks with pay for this purpose. Employees should make their request at least two days in advance of the election. An employer may verify whether an employee voted when they took off time to vote with a voter's receipt. Employee must inform and coordinate times of absence with the customer.

6.9 Military Leave.

Military leaves are available to eligible employees who enter the Uniformed Services of the United States, including the National Guard and the Commissioned Corps of the Public Health Service, or the state military forces, or the reserve components of the same, to participate in active or inactive duty or training. Time off is also permitted for an examination to determine one's fitness for duty in any of the federal military forces. Such leave will be granted in accordance with the Hawaii state and federal laws, provided all legal requirements are satisfied and the employee returns to work or applies for reemployment within the time prescribed by law. The employee must provide advance notice of the need for leave whenever possible. The employee should give the employee's supervisor as much advance notice as possible to allow the Company to make arrangements to cover his or her position. Any military leave time taken will be considered leave without pay.

6.10 Military Family Leave.

Employees with a spouse or registered domestic partner serving in the United States Armed Forces, National Guard or Reserves, may take up to ten (10) days of unpaid leave when their spouse or domestic partner is on a leave from deployment during a military conflict. In order to be eligible for this leave, the employee must work an average of at least 20 hours per week and have a spouse or domestic partner who is either (1) a member of the United States Armed Forces deployed during a military conflict to a designated combat theatre or combat zone; or (2) a member of the National Guard who has been deployed during a period of military conflict; or (3) a member of the Military Reserves who has been deployed during a period of military conflict. Eligible employees are required to notify the Company of their intention to take such leave within 2 days of receiving official notice that the spouse or domestic partner will be on a qualified leave and provide documentation certifying that the spouse or domestic partner will be on leave from deployment during the time the leave is requested.

At-Will Employment Agreement and Acknowledgement of Receipt of Employee Handbook

Employee: _____

I acknowledge that I have been provided with a copy of the Ka'ala Systems Technology Corporation (the "Company") Employee Handbook, which contains important information on the Company's policies, procedures and benefits, including the policies on Anti-Harassment/Discrimination, Substance Use and Abuse and Confidentiality. I understand that I am responsible for familiarizing myself with the policies in this handbook and agree to comply with all rules applicable to me.

I understand and agree that the policies described in the handbook are intended as a guide only and do not constitute a contract of employment. I specifically understand and agree that the employment relationship between the Company and me is at-will and can be terminated by the Company or me at any time, with or without cause or notice. Furthermore, the Company has the right to modify or alter my position or impose any form of discipline it deems appropriate at any time. Nothing in this handbook is intended to modify the Company's policy of at-will employment. The at-will employment relationship may not be modified except by a specific written agreement signed by me and an authorized representative of the Company. This is the entire agreement between the Company and me regarding this subject. All prior or contemporaneous inconsistent agreements are superseded.

I understand that the Company reserves the right to make changes to its policies, procedures or benefits at any time at its discretion. However, the at-will employment agreement can be modified only in the manner specified above. I further understand that the Company reserves the right to interpret its policies or to vary its procedures as it deems necessary or appropriate.

I have received the Company Employee Handbook. I have read (or will read) and agree to abide by the policies and procedures contained in the Handbook.

Name print: _____ Date: _____

Signature: _____ Date: _____