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JANUARY 2004 - POLICY UPDATE

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EMPLOYEE RELATIONS POLICY**A. POLICY AGAINST DISCRIMINATION.**

The Company is committed to providing a work environment that is free of discrimination. In keeping with this commitment, the Company maintains a strict policy prohibiting unlawful discrimination. This policy applies to all employees of the Company, including supervisors and non supervisory employees. The policy also, applies to non-employees of the Company including clients, customers, vendors and any other person doing business with the Company.

All aspects of employment with the Company will be governed on the basis of merit, competence and qualifications and will not be influenced in any manner by an individual's race, ancestry, color, religion, national origin, marital status, sex (including sexual harassment and gender identity), sexual orientation, disability (physical or mental including HIV/AIDS diagnosis), medical condition (cancer and genetic characteristics), age or exercising the right to any legally provided leave of absence in the application of any policy, practice, rule or regulation.

All decisions made with respect to recruiting and hiring, evaluations and promotions for all job classifications will be based solely on individual qualifications as related to the requirements of the position. Likewise, all other personnel matters such as compensation, benefits, transfers, lay offs, training, educational opportunities and programs will be administered free from any illegal discriminatory practices.

B. POLICY AGAINST HARASSMENT, INCLUDING SEXUAL HARASSMENT.

The Company is also committed to providing a work environment that is free of harassment, including sexual harassment.

Sexual harassment includes:

1. Unwanted sexual advances;
2. Offering employment benefits in exchange for sexual favors;
3. Making or threatening reprisals after a negative response to sexual advances;
4. Visual conduct: leering, making sexual gestures, displaying of sexually suggestive objects or pictures, cartoons or posters;
5. Verbal conduct: making or using derogatory comments, epithets, slurs, and jokes;
6. Verbal sexual advances or propositions;

7. Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words used to describe an individual, suggestive or obscene letters, notes, or invitations; and
8. Physical conduct: touching, assault, impeding or blocking movement.

C. COMPLAINT AND INVESTIGATION PROCEDURE.

Any form of discrimination or harassment, including sexual harassment, is absolutely prohibited. Any incident of possible discrimination or harassment should be brought immediately to the attention of the President, Chief Executive Officer, or the Human Resources Officer who will thoroughly investigate the matter in confidence. After reviewing all the evidence, the Company will make a determination concerning whether reasonable grounds exist to believe that harassment has occurred.

Disciplinary action, up to and including discharge, will be taken against any employee who is found to have engaged in harassment.

No employee shall be subjected to any form of retaliation for reporting any violation of this policy truthfully and in good faith.

HARASSMENT BY NON-EMPLOYEES

In addition, the Company will take all reasonable steps to prevent or eliminate sexual harassment by non-employees including customers, clients and suppliers who are likely to have workplace conduct with our employees.

PHYSICAL AND MENTAL DISABILITY POLICY

The Company is an equal opportunity employer. This includes all individuals with a physical or mental disability. The Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability who is an applicant for employment or a current employee of the Company. The only limitation as to the Company's commitment to providing reasonable accommodation would be if an undue hardship would result to the Company.

Any applicant or employee who requires an accommodation in order to perform the essential functions of the job should contact the Human Resources Department and request such an accommodation. The employee must provide the details as to what accommodation is needed to perform the job. The Company will then review the situation to establish and identify what accommodation, if any, will help to eliminate the limitation of the employee's ability to perform the job.

If you believe that you have been subjected to discrimination as a result of any known physical or mental disability, please refer the matter to the Human Resource Department for investigation. Your complaint must be specific and should include all relevant information so that a thorough investigation may be conducted. The Company will immediately investigate the complaint, in confidence, to determine if discrimination has occurred. Upon conclusion of the investigation, the Company will take the necessary steps to remedy the situation. The Company will not tolerate any retaliation by any of its employees against any employee who files a complaint or participates in an investigation regarding a complaint of discrimination.

CALIFORNIA FAMILY LEAVE OF ABSENCE

Beginning July 1, 2004, employees are entitled to up to six weeks of leave benefits over a 12-month period when an employee cannot work due to the serious health condition of a family member or the birth, adoption, or foster placement of a child with the employee or the employee's domestic partner. Employees may be eligible to collect Family Temporary Disability Insurance ("FTDI") benefits provided through the California State Disability Insurance ("SDI") system during such a leave. As the program will be administered by the California Employment Development Department ("EDD"), please contact your local EDD office for additional information.

Employees are eligible for family care benefits if they provide a certification to the EDD establishing that either: (1) a "serious health condition" of a child, parent, spouse, or domestic partner "warrants the participation of the employee to provide care," or (2) the employee is taking leave for reason of the birth, adoption or foster care placement of a minor child with the employee or the employee's domestic partner, and the leave is taken within one year of the birth or placement. "Serious health condition" is given the same definition as contained in the California Family Rights Act ("CFRA"). Situations that "warrant the participation of the employee to provide care" include providing psychological comfort and arranging third party care for the family member, as well as directly providing or participating in medical care. However, an employee is not eligible for family care benefits for any day that another family member is able and available to provide the required care.

The first seven (7) consecutive days of leave taken for family care are deemed a "waiting period," during which no benefits are payable. Employees are required to use one [or two] week(s) of vacation leave prior to receiving benefits. The vacation time will be applied to the waiting period.

Employees who are entitled to leave under the Family and Medical Leave Act ("FMLA") or the CFRA must take FTDI leave concurrent with their FMLA and/or CFRA leave. An employee may not receive FTDI benefits if he or she is also eligible, or already receiving, State Disability Insurance, Unemployment Compensation Insurance, or Workers' Compensation.

****Note to employers: Due to the obscurity of the law in this area, do not implement this policy with contacting this office first and obtaining legal advice.**