

# PEO MASTER SERVICE AGREEMENT

## GENERAL TERMS AND CONDITIONS

### PART 1

This Agreement contains the terms and conditions between a **Client Employer**, (the “**Client**”), and **Group Management Services, Inc., an IRS Certified Professional Employer Organization (“PEO” or “CPEO”)**. Client is subject to updates of this document as they may occur.

#### 1. INTRODUCTION

Commencing on the Effective Date (as defined in **Section 2. TERM OF AGREEMENT**), **Client** and **CPEO** intend to enter into a professional employer arrangement (CPEO contract) covering certain personnel identified and described in **Section 7.1 Shared Employee Defined**. This Agreement sets forth the rights and responsibilities between **Client** and **CPEO** and is not intended to create rights in any third party. “CPEO” means IRS Certified Professional Employer Organization.

#### 2. TERM OF AGREEMENT

The term of this Agreement will begin on the first day of the first payroll period for which payroll is processed by **PEO** for **Client** (the “**Effective Date**”) and, except as provided elsewhere herein, shall continue until terminated by either party pursuant to the Terms and Conditions set forth in Section 14. Either party may terminate this Agreement following sixty (60) days’ advance notice. Prior to termination of this agreement, Client shall pay to PEO all outstanding invoiced fees and other monies due and owing.

The Agreement will terminate should **PEO’s** license be terminated, merged or suspended for any reason, or to the extent any federal or state regulatory authority determines that the **PEO** does not maintain the requisite control necessary to cover such Shared Employee’s under **PEO’s** health plan. In the event of this type of termination or determination, each party hereto shall be released from all obligations contained in this Agreement.

#### 3. SERVICES TO BE PROVIDED BY PEO

**3.1 Basic Services.** Subject to the terms and conditions of this Agreement and based on information and funding provided by **Client**, **CPEO** will provide the following basic services with respect to the Shared Employees:

- Assume responsibility for payment of wages without regard to the receipt or adequacy of payment from **Client** for such services
- Assume responsibility for reporting, withholding, and paying any applicable taxes without regard to the receipt or adequacy of payment from **Client** for such services
- Assume responsibility for any **PEO** sponsored benefits without regard to the receipt or adequacy of payment from **Client** for such benefits
- Unless otherwise delegated to **Client** hereunder, assume responsibility for recruiting, hiring, supervising and firing workers
- Unless otherwise delegated to **Client** hereunder, assume responsibility for providing training and instruction to workers regarding the timing, manner and location in which they perform their services
- Maintain employee records relating to Shared Employees, except that **Client** may also or solely have responsibility for maintaining certain employee records as required by law or hereunder
- Consulting on basic policies and procedures designed to assist **Client** in human resource management in Client’s business consistent with the level of service selected
- Processing of garnishments and similar orders
- Processing of unemployment claims
- Providing notice of employment by **PEO**

**3.2 Additional Services.** From time to time, **PEO** may offer to **Client** additional products or services of an optional nature (“Optional Items”) on terms and conditions to be agreed to by the parties.

#### 4. SERVICE FEES, PAYROLL AND PAYMENT TERMS

##### 4.1 Fees.

- (a) **Initial Fee Schedule.** **Client** agrees to pay **PEO** fees for services provided by **PEO** in accordance with The Client Employer Service Agreement,
- (b) **Fee Adjustments.** Non-Administrative fees may be adjusted upon the effective date of an increase or decrease in employee wages, payroll taxes or employee benefit program charges. **Client** understands and acknowledges that **PEO’s** costs for such services provided may be greater or less than the amounts charged to **Client**. For administrative fees, **Client** acknowledges that **PEO** may propose modifications by written notice to **Client** given at least 30 days prior to any effective modification date. The Fee Adjustments will automatically become effective on such modification date unless **Client** gives written notice to **PEO** rejecting the proposed Fee Adjustments within ten (10) business days after receiving the proposed Fee Adjustments from **PEO**. If **Client** rejects the proposed Fee Adjustments, **PEO** may elect to terminate this Agreement by giving 30 days written notice to **Client**. This paragraph shall not limit any other termination or other right of **PEO** under this Agreement.
- (c) **Payment.** **Client** agrees to pay the total amount due (without offset) to **PEO** by Automated Clearing House (“ACH”) the fees invoiced to **Client**. The invoice is payable upon delivery. **PEO** reserves the right to request payment in the form of a cashier’s check, C.O.D., C.O.D. certified, ACH or bank wire transfer.

##### 4.2 Payroll Funding.

- (a) **Payment Procedures.** Client will provide to PEO, in the method authorized by PEO, the payroll data upon which each Covered Employee’s compensation is calculated, in the format proscribed by PEO. Upon receipt of the payroll data, PEO will send to Client an invoice for payment. Upon receipt of the invoice, but no later than three (3) business days prior to the pay date, Client will notify PEO of any errors or modifications proposed by Client and thereafter waives any right to dispute the content of the invoice. Client shall ensure that sufficient funds will be available to pay the amount of the invoice no later than forty-eight (48) hours prior to the applicable payroll issuance date and that such funds will not be withdrawn by Client prior to the payroll pay date. Client agrees to payment through automated clearing house transaction (“ACH”), and Client agrees to cooperate in providing PEO all needed authorizations and information to comply with applicable banking requirements for ACH payments. Client hereby authorizes PEO to deduct or debit from Client’s bank account any monies due and owing, outstanding, or including outstanding fees, retroactive changes in payroll tax amounts, unpaid insurance premiums, delinquent payroll and other related taxes including assessed fines, penalties and interest, charge backs due to Client’s bank account having insufficient funds

(NSF charges), and any other amounts that may accrue or may become outstanding relating to services provided by PEO. In addition, any fees or other charges not paid on or before the due date will be subject to finance charges equal to One and One-Half percent (1.5%) of the outstanding balance per month. This paragraph will survive termination of this Agreement.

- (b) **Payment for Optional Items.** Client agrees to provide PEO with funds to pay for any other Optional Items elected by Client by ACH. Funds sufficient to cover the full amount of such Optional Items must be made available in Client's designated account at least forty-eight (48) hours before the agreed payday.

#### 4.3. **Late Payment.**

If Client fails to make any payment when due, PEO may elect to terminate this Agreement immediately. Client further agrees that the following constitutes reasonable liquidated damages, which Client agrees to pay PEO on demand; the delinquent amount, plus six percent (6%) of the delinquent amount, plus one and one-half percent (1.5%) of the delinquent amount per month for any period of delinquency in excess of one month. Client further agrees that PEO is entitled to recover its reasonable attorneys' fees and other costs incurred in attempts to collect any past due amounts. In the event Client fails to make any payment when due, in addition to any other remedy provided for herein, PEO may elect to treat the Shared Employees as the employees of Client for all purposes (including but not limited to federal and state tax reporting purposes) with respect to all returns or reports required to be filed relating to such Shared Employees after the date of such failure by Client.

### 5. RIGHTS WITH RESPECT TO EMPLOYEES

- 5.1 **Direction of Shared Employees.** While PEO retains the primary right to direct day-to-day activities and responsibilities of Shared Employees, including but not limited to providing training and instruction to workers regarding the timing, manner and location in which they perform their services, PEO hereby delegates such entire responsibility to Client and PEO does not intend to exercise such right except to the extent necessary to demonstrate an employment relationship for health coverage purposes.

- 5.2 **Management of Shared Employees.** PEO will maintain the right to: (a) recruit, hire, supervise, terminate, suspend, discipline, promote, demote, or rehire any of the Shared Employees for any reasons not prohibited by law; (b) increase or decrease any of the Shared Employees' salaries and/or wages; and (c) grant extraordinary compensation to Shared Employees, including, but not limited to, bonuses, grants or warrants for stock options, or reimbursable employee expenses. Notwithstanding the foregoing, PEO hereby delegates such entire responsibility to Client. Client agrees to give PEO at least three (3) days' notice of the occurrence of termination, suspension, discipline, demotion, unless the event is an immediate termination of employment of a Shared Employee (for any reason), in which case Client agrees to provide such notice one (1) business day in advance of the actual termination date when possible.

### 6. RESPONSIBILITIES WITH RESPECT TO SHARED EMPLOYEES

- 6.1 **Background, Employment Eligibility, and Reference Checks.** Client will determine (through required employment eligibility verification, background and reference checks or other appropriate or legally required means) that each person intended to become a Shared Employee hereunder is legally eligible to work, and competent and fit to perform his or her assigned duties. PEO retains the right to employ any legal method of pre-employment screening or post-employment verification of background but is under no obligation to perform such screening or verification unless specifically agreed in writing at PEO's then-applicable fees. Client specifically agrees to reimburse PEO for any fines or penalties assessed PEO resulting from the failure to comply with any applicable immigration or similar laws regarding the hiring of employees.

- 6.2 **Licenses and Fidelity Bonds.** During the term of this Agreement, Client will maintain all licenses necessary to carry out its business and engage in the services performed by the Shared Employees. To the extent that the Shared Employees themselves are required to be licensed to perform services for Client or clients of Client, Client will take all action necessary to ensure that the Shared Employees are properly licensed at all times. Client will maintain fidelity or other bonds covering it and the Shared Employees as required by applicable laws or industry standards. Client will provide PEO with copies of all such licenses and fidelity bonds.

- 6.3 **Acts and Omissions of Shared Employees.** Client will be solely responsible to third parties (including Shared Employees) for all claims, liabilities and expenses relating to any act or omission of a Shared Employee, whether intended or unintended, including without limitation any act of dishonesty or negligence and a Shared Employee's operation of a motorized vehicle. PEO will not be responsible or liable to Client, any third party or Shared Employee in any way for any actual or alleged act, omission or performance of a Shared Employee and Client agrees to defend and indemnify PEO against such claims. This Agreement is not intended and shall not be deemed to create a relationship between Client or PEO as agents, legal representatives, partners, joint PEOs or employees of the other.

### 7. PERSONS COVERED BY THIS AGREEMENT

- 7.1 **Shared Employee Defined.** "Shared Employee" shall be defined, collectively, as those employees who are assigned to perform services for the Client and who are covered by a CPEO contract between PEO and Client. Shared Employee shall have a similar meaning as "Covered Employee" as defined within the federal regulations pertaining to Certified Professional Employer Organizations "CPEOs." Notwithstanding the foregoing, for purposes of health care benefit coverage only, the PEO shall be considered the sole and exclusive common law employer of Shared Employees.

- 7.2 **Determination of Shared Employee Status.** No person shall become a Shared Employee and no payroll shall be paid to such person until and unless PEO has received a completed W-4 form and I-9 form for such person a minimum of three days prior to the release of the next scheduled payroll. PEO may reject any proposed employee whose job description does not meet the then current workers' compensation guidelines. Client agrees that PEO (in its sole discretion) may elect to not process payroll for or provide any workers' compensation insurance coverage or other benefits to, any proposed or other employee with respect to which PEO's procedures are not followed. In the event PEO so elects, any such proposed or other employee shall be deemed excluded from this Agreement, with no obligation whatsoever on the part of PEO.

- 7.3 **Notification.** Client represents and warrants that it employs employees only in the States listed on the Client Employer Service Agreement and agrees to provide PEO with at least 10 business days prior written notice before adding any new employees in any additional State or other jurisdiction.

### 8. WORKERS' COMPENSATION INSURANCE; CUSTOMER WORK LOCATIONS AND SAFETY

- 8.1 **Work Location(s).** All work and services performed by the Shared Employees will be performed in the States set forth on the Client Employer Service Agreement and maintained at the sole cost and expense of Client or on the premises of such other entity as Client may direct.

#### 8.2 **Workers' Compensation.**

Unless otherwise selected in writing as an Optional Item and approved be covered by PEO, Client shall be responsible for securing any workers' compensation coverage for the Shared Employees required by any United States federal or state laws (other than monopolistic states' law), commencing as of the effective date. The Client shall comply with all legal requirements necessary to maintain such workers' compensation coverage. Client's workers compensation policy must have a minimum limit of \$500,000 for employer liability and must be endorsed in favor of PEO as "Alternative Employer" or "Labor Contractor" and must also name PEO as a certificate holder.

- 8.3 Workers' Compensation Codes; Material Change in Underwriting Risk.** Client agrees to provide and maintain adequate job descriptions for the Shared Employees, so that the proper workers' compensation manual classification for each Shared Employee may be correctly determined. Client shall be solely responsible for the information provided to PEO. If such information is found to be incorrect upon audit or otherwise and results in additional premium or other charges, Client will be charged for such costs. Client represents and warrants that there are no workers' compensation losses or claims, except for those which are noted on Client's loss runs (or other documentation deemed adequate by PEO in its sole discretion) which have been provided to PEO, all of which are represented and warranted by Client to be accurate and complete. If PEO determines in its sole discretion that Client's workers' compensation loss experience during the term of this Agreement represents a material adverse change in the underwriting risk accepted by PEO based on the information provided to PEO prior to the Effective Date, PEO shall have the right to modify the premium rate charged to client, refer client to the deductible program or terminate this Agreement upon 10 days, notice.
- 8.4 Claims Reporting.** Client shall make a first report to Client's Insurer and PEO, on such form or forms as may be designated by said Insurer from time to time, within 24 hours of notice of the occurrence of any injury or accident which is work-related or which Client believes may be work-related. Client agrees to pay any additional costs (including fines, judgments, settlements or legal fees) caused by Client's failure to timely report any such injury or accident. The final adjudication for workers' compensation purposes whether the injury or accident is work-related shall be made by the PEO or its designated representative.
- 8.5** Client will be responsible for deductible payments throughout the life of any claim. This responsibility will extend past agreement termination. Client will reimburse PEO at termination for the expected future costs of open claims up to the unused deductible. For any claims incurred but not reported as of date of termination, PEO will keep detailed accountings of any such claims and will ACH or invoice Client directly for the appropriate deductible.
- 8.6 Inspection of Premises; Information Requests.** PEO and any designated representative will have the right (but not the obligation) to inspect Client's premises annually or at any other time that PEO or such representative determines necessary or appropriate. Client will cooperate at its expense with any representative or PEO in meeting any of the representative's or PEO's reasonable information needs and/or safety recommendations within the time frames stipulated by the representative or PEO. Failure to follow said directives may result in immediate termination of this Agreement at PEO's discretion.
- PEO may offer a safety inspection and consultation for an additional fee. PEO does not warrant that any inspection will cause the Client's operations and/or premises to be in compliance with all health and safety laws, regulations, ordinances, directives, or rules. Client at all times retains sole responsibility for providing appropriate training regarding job duties, workplace safety and other related topics. PEO shall have no liability to Client for losses or damages under any theory of liability or indemnity in connection with these services.
- 8.7 Notice of Certain Changes.** Client agrees to give PEO at least 10 business days' prior written notice if Client or Client's business (or any significant part thereof) is sold, or of any intent to: (1) relocate Client's business outside the state in which it is located as of the date of this Agreement; (2) add a new line of business and/or manufacturing or work process; or (3) take any action that results in employees of Client being placed in a different workers' compensation classification. If PEO is unable or unwilling to provide coverage due to such changed circumstances, PEO shall have the right to terminate this Agreement immediately.
- 8.8 Independent Contractors, Etc.** If Client uses or hires the services of any independent contractors, "owner-operators" or other personnel other than Shared Employees (collectively, "Contractors"), Client shall ensure that contractors, subcontractors, and others providing services to Client have the appropriate workers' compensation or work accident and employer's liability insurance coverage for the Contractors. Client shall provide PEO with Certificate(s) of Insurance within 15 days of the execution of this Agreement and prior to the Effective Date and within 10 days of the hire of any new Contractors), evidencing workers' compensation or work accident and employers liability insurance coverage for all Contractors. Client is solely responsible for any costs, expenses, employer responsibilities for any costs, expenses, employer responsibilities, and liabilities associated with Client independent contractors, including subcontractors of such independent contractors, who are reclassified as Client employees. In the event PEO is subjected to threatened or actual litigation as a result of such reclassification, whether the reclassification is voluntary or involuntary, Client shall defend and indemnify PEO for any resulting expenses. Renewal certificates will also be provided to PEO at least thirty (30) days prior to the expiration of coverage. Additional certificates will be provided to PEO from time to time, upon PEO's reasonable request.
- 8.9 Risk Management.** Client agrees that it will follow all directives from PEO's Risk Department related to claims management including but not limited to issues involving reporting, medical care and treatment, light duty requirements and settlement. Failure to follow said directives may result in termination of this Agreement at PEO's discretion.

## 9. PAYROLL ADMINISTRATION

- 9.1 Presentment.** Client agrees that all persons that currently are employees of Client, and all persons who are intended to become employees of Client in the future, shall be presented to PEO for its consideration to become a Shared Employee hereunder in the manner contemplated by **Section 7.2 Determination of Shared Employee Status.**, except as otherwise required by law. Client agrees that: (1) all cash compensation paid to the Shared Employees during the term of this Agreement in connection with their employment shall be paid exclusively through PEO; and (2) except as otherwise agreed in writing by PEO, Client will not pay any wages, salaries or other forms of direct or indirect remuneration (including employee benefits) to the Shared Employees directly or through any other third party.
- 9.2 Information Required.** Client agrees to provide PEO with complete, accurate and legible information concerning the Shared Employees' payroll, including but not limited to: (1) paid time off details and gross wages for salaried Shared Employees; (2) total hours worked each day, paid time off details, exempt and non-exempt status and hourly wages for hourly Shared Employees; and (3) all W-4, state withholding, and applicable Internal Revenue Code Section 125 forms. Client is solely responsible for the accuracy and timeliness of such information. Client agrees that either of the following will constitute a breach, entitling PEO to terminate this Agreement : (1) its failure to provide PEO with payroll information at least 36 hours prior to the agreed-upon pay day without the prior written approval of PEO; or (2) its failure to report any payroll for a regularly scheduled pay date. In case of such termination by PEO, Client will be solely responsible for all payroll and related taxes and benefits due for the payroll period.
- 9.3 Garnishments, Support Orders and Wage Attachment Orders.**
- (a) **Procedures.** Client will receive instructions and/or procedures for administration of certain levies, child support orders, wage attachment orders, garnishment orders or similar legal matters (collectively, "Shared Employee Orders") related to any Shared Employees. The parties acknowledge that these procedures are necessary for both Client and PEO to comply with applicable wage attachment or garnishment laws in a timely manner.
- (b) **Fees and Expenses.** Any charges applicable to a Shared Employee shall be deducted by PEO from the Shared Employee's wages in accordance with applicable law. Any charges applicable to Client will be invoiced to Client on the next following invoice from PEO to Client.
- 9.4 Maintenance of Information; Client Reports.**
- (a) **Records.** Client, on behalf of PEO, shall maintain records of actual time worked each day, paid time off, and verify the accuracy of wages and salaries reported to and paid by PEO during each pay period. Client shall make such records available to PEO for inspection and copying. Client agrees to comply with the Fair Labor Standards Act and other applicable state wage and hour laws and report all

daily (where applicable under law) and weekly overtime to **PEO**. Notwithstanding any expiration or other termination of this Agreement, **Client** shall verify and maintain all employee time records and other payroll records in accordance with applicable wage and hour regulations for a minimum of five years from and after the date reflected on such records. **Client** will make such records available to **PEO** for inspection and copying within three (3) days after written request by **PEO**.

(b) **Reports.** **Client** will provide **PEO** with a periodic report regarding the Shared Employees, the hours worked, paid time off taken (and type thereof) and any other information reasonably requested by **PEO** (the "Report") on a form and at such schedule as requested by **PEO**. **Client** represents and warrants that the information in the Report will be complete and accurate, and that **PEO** may rely upon such information.

**9.5** **Insufficient Wages for Payroll Deductions.** If the payroll of any Shared Employee is insufficient to cover all deductions for taxes, employee benefits or otherwise (whether due to the Shared Employee's absence from work, reduced hours or otherwise), **Client** will be solely responsible for any such deficiency and agrees to pay such amounts to **PEO** immediately upon written notice.

**9.6** **Cessation of Operations.** In the event of the sale, dissolution, liquidation, reorganization, or permanent closing of Client's business which causes **PEO** to deactivate any Shared Employee covered by this Agreement, **Client** agrees to promptly reimburse **PEO** the actual cost for unemployment expenses and charges incurred by **PEO** with respect to such Shared Employees.

**9.7** **Certain Pre-Effective Date Matters.** **Client** represents and warrants that: (1) all compensation due and payable to Client's employees (including, without limitation, regular salaries and wages, overtime, bonuses, vacation pay and severance pay) has been paid for any pay period prior to such employees becoming Shared Employees; (2) prior to the Effective Date, **Client** will provide to **PEO** a correct and complete list of Client's most recent payroll; and (3) **Client** has deducted and remitted to the relevant governmental authorities all taxes, unemployment insurance contributions or other amounts that it is required by statute, rule or regulation to deduct and/or remit to any governmental authority for all periods prior to the Effective Date.

**9.8** **Legal Notices.** **Client** agrees to forward to **PEO** any legal notices relating in any way to Shared Employees received from any federal, state or other governmental authority within one (1) business day of receipt by **Client**. If submitting by fax, notices should be sent to 330-659-0534.

**10. Liability Insurance:** Insurance. During the Term of this Agreement, Client will at a minimum maintain the following insurance coverage: (i) comprehensive general liability insurance, insuring Client against bodily injury and property damage liability caused by Client's premises, operations, completed operations and/or products, and the policy shall also include blanket contractual liability and personal injury liability; (ii) cyber-liability insurance; (iii) Employment Practices Liability insurance; (iv) automobile liability insurance, including non-owned and hired autos (to the extent any Covered Employees will be assigned to positions requiring them to drive for Client), and such insurance shall include coverage for public liability, both bodily injury and property damage, with a minimum combined single limit of one million dollars (\$1,000,000) and uninsured motorist insurance with a minimum combined single limit of sixty thousand dollars (\$60,000), or the minimum limit required by applicable state law whichever is greater, and Client must provide coverage insuring against hired and non-owned liability, and Client accepts full responsibility for claims, including defense thereof, involving bodily injury, property damage, theft, fire, collision, cargo damage, or public liability arising from the driving; and (iv) professional liability insurance, if appropriate, including, without limitation, malpractice or errors and omissions coverage and in compliance with any regulation mandating such coverage. Each of such policies will have as a minimum a limit of liability not less than \$1,000,000 per occurrence. Upon request, **PEO** will be listed as an insured, or additional insured on the policy or on an alternate employer endorsement, or other similar endorsement. Upon request, Client will furnish **PEO** with Certificates of Insurance as evidence of coverage.

**10.1** **Responsibility for Obtaining Coverages.** It is expressly understood and agreed that **PEO** will not be liable for nor be responsible for providing any of the insurance coverages outlined in **Sections 10 Liability Insurance**.

**10.2** **Insurance Certificates.** **Client** will provide to **PEO**, within 15 days of the execution of this Agreement (but, in any event, prior to the Effective Date), certificates of insurance evidencing the maintenance of the coverages required in this Agreement and **PEO's** status as a certificate holder or an additional insured. **PEO** will be provided at least 30 days prior written notice of cancellation. Renewal certificates will also be provided to **PEO** at least 30 days prior to the expiration of coverage. Additional certificates will be provided to **PEO** from time to time, upon **PEO's** reasonable request.

**10.3** **Reliance by PEO.** It is acknowledged and agreed that: (1) the obligations of **Client** set forth in this **Section 10. INSURANCE** are reasonable and essential to protect **PEO** from risks that it cannot manage or control; and (2) **PEO** is relying on Client's performance hereunder in entering into this Agreement. Any failure by **Client** to fully comply with the provisions of this **Section 10. INSURANCE** shall constitute a breach of this Agreement, entitling **PEO** to terminate this Agreement.

## **11. BENEFIT AND RETIREMENT PLANS**

**11.1** **Benefit Programs.** **Client** and/or Shared Employees may participate in benefit programs offered by or through **PEO**. Such participation shall be subject to the terms and conditions of the specific program as applicable from time to time, including applicable termination provisions.

**11.2** **Current Plans.** **Client** acknowledges and agrees that **PEO** will not be responsible or liable with respect to any benefit, retirement or other plan maintained by **Client** independent of this Agreement. **Client** represents and warrants that: (1) all of Client's benefit, retirement and other plans in existence at the time of this Agreement are current and in compliance with applicable law; and (2) this Agreement will not violate the terms of those plans.

**11.3** **Information.** **Client** agrees to promptly comply with all reasonable requests for information and inspection by **PEO**, including requests by **PEO** for necessary information relating to benefits, summary plan documents or other material pertaining to the Shared Employees.

**11.4** **COBRA.** **Client** agrees to notify **PEO** as soon as **Client** becomes aware of any qualifying event that triggers COBRA eligibility for Shared Employees or their eligible family members (such as death, termination or reduction of hours, divorce or legal separation, Medicare entitlement, dependent child changing status, or bankruptcy of **Client**). In the event that **Client** fails to provide notice of such qualifying event to **PEO** within 14 days of its occurrence, **Client** will assume any and all resulting liability triggered by such qualifying event.

## **12. COMPLIANCE WITH LAW**

**12.1** **Compliance with Laws.** **Client** agrees to comply at its sole expense with applicable federal, state and local laws, including, without limitation, all safety, health, employment and immigration laws, regulations and rules, and any applicable state equivalent thereof and any hazardous material laws imposed by controlling federal, state and local governments. **Client** will also ensure compliance with safe work practices and use of protective equipment imposed by any applicable workers' compensation insurance carrier or controlling federal, state and local government agencies. The duties of **Client** include, without limitation, any training and record-keeping requirements imposed by or associated with any of the foregoing.

**12.2** **Current Compliance; No Claims.** **Client** represents and warrants that: (1) it is in compliance with all applicable statutes, regulations and policies, and (2) there is no pending litigation, or other proceeding or basis for an unasserted claim against **Client** which is based on claims arising out of any Shared Employee's employment relationship with **Client** (including without limitation claims for breach of contract, tort, discrimination, employee benefits, wrongful termination or any common law or statutory claims).

**12.3 Collective Bargaining.** Except as **Client** has disclosed to **PEO** in writing, **Client** represents and warrants that: (1) none of the Shared Employees is represented by any labor union; (2) there is no pending labor strike, unfair labor practice complaint or other material labor dispute affecting **Client** (including any organizational campaign) and there is no material labor grievance pending against or affecting **Client**; (3) there are no pending arbitration proceedings arising out of or under any collective bargaining agreement to which **Client** is a party; and (4) to the best knowledge of **Client**, there is no basis on which a claim may be made under any collective bargaining agreement to which **Client** is a party affecting the Shared Employees. **PEO** is not and will not (1) be a party to any collective bargaining agreement; (2) be deemed a joint employer under any collective bargaining agreement; or (3) assume any liability under any collective bargaining agreement.

### **13. REPRESENTATIONS AND WARRANTIES**

**13.1 Representations and Warranties.** Each Party represents to the other Party:

- (a) **Each** operates under the organizational form specified in the first sentence of this Agreement, is validly existing and in good standing under the laws of the State indicated in such sentence.
- (b) **Each** has full power to: (a) own, lease, and operate its properties and assets; (b) conduct its business as that business is currently being conducted; and (c) consummate the transactions contemplated by this Agreement.
- (c) This Agreement has been duly authorized, executed, and delivered by **Each Party** and constitutes a valid and binding agreement enforceable against **Each Party** in accordance with its terms, subject to the effect of bankruptcy, insolvency, moratorium and other laws relating to and affecting the rights of creditors generally and to equitable principles of general application.
- (d) Neither the execution nor delivery of this Agreement will result in the breach of any term or provision of, or constitute a default under, any charter provision or bylaw, or material agreement, order, law, rule or regulation to which **Each Party** is bound or is subject.
- (e) Except as specified in this Agreement, **Each Party** is not a party to any separate agreements or arrangements that would obligate **Either**.
- (f) Except as disclosed to **Each Party** in the form of a written exhibit (signed and initialed by both parties) attached to this Agreement, there is no action, suit, proceeding or investigation pending, or to the knowledge of **Each Party** threatened and related to the Shared Employees or otherwise.

**13.2 Effect of Representations and Warranties.** The representations and warranties made by **Each Party** in this **Section 13. REPRESENTATIONS AND WARRANTIES** and elsewhere in this Agreement shall survive the term of this Agreement. All representations and warranties are deemed to be material. **Each Party** is entering into this Agreement in reliance on such representations and warranties and has the right to immediately terminate this Agreement in the event any such representation or warranty is inaccurate.

### **14. TERMINATION**

**14.1 Termination Right.** Except as specifically provided for in **Sections 2 and 4.2(b) Late Payment.**, and in addition to any termination right provided elsewhere, either party may terminate this Agreement upon material breach by the other party, provided that no such termination will be effective unless the party allegedly in breach of this Agreement fails to cure such breach within 90 days (15 days in the event of a breach involving a material violation of any applicable laws or regulations) after receipt of written notice from the other party specifying the alleged breach.

**14.2 Automatic Termination.** This Agreement will terminate automatically, without notice or passage of time, upon the occurrence of any of the following events: (1) any failure of client to comply with Section 6.2 or any provision of Section 8 hereof; (2) the return of any payment made by Automated Clearing House pursuant to this Agreement; (3) an assignment by **Client** for the benefit of creditors or a voluntarily or involuntarily adjudication of the **Client** as bankrupt by any court of competent jurisdiction; (4) a filing of petition for reorganization of **Client**; (5) **Client** declares a decision to go out of business or ceases doing business; or (6) a petition in bankruptcy is filed by or against **Client**. In any of these events, **Client** and any guarantor of **Client**'s obligations under this Agreement will immediately notify **PEO**. In the absence of such notice, **Client** acknowledges that the acceptance of any payrolls after the occurrence of any of the foregoing events would be fraudulent against **PEO**.

**14.3 Termination Payment.** If this Agreement is terminated by **Client** (except in the event of a termination by **Client** in compliance with **Section 14.1 Termination Right** or **Section 2 (60-day advance notice)**) or by **PEO** as a result of a **Client** breach, **Client** agrees to pay a termination payment to **PEO** in the amount of \$2,500.00.

**14.4 Consequences of Termination.** Termination of this Agreement for any reason will not relieve **Client** from any of its obligations to **PEO**, including without limitation, indemnification of **PEO** as provided herein, payment of any fees, taxes or charges, as reimbursement of any health insurance charges, workers' compensation, or unemployment claims or liabilities incurred by **PEO** which are, or pre-termination were the responsibility of **Client**. **Client** shall assume full responsibility for Shared Employees, who shall be deemed employees of client immediately upon termination. **Client** further agrees that **PEO** has no further obligation whatsoever to the Shared Employees as of the effective date of termination of this Agreement.

### **15. MISCELLANEOUS**

**15.1 Sales and Other Taxes.** **Client** will be responsible for paying (or reimbursing **PEO** for paying) any tax imposed by any State or other jurisdiction on **Client**.

**15.2 Subpoenas and Other Court Orders.** If **PEO** is served with a subpoena or court order ("Court Order") with respect to **Client** or **PEO**:

- (a) The parties mutually recognize and agree that **PEO** may incur additional costs and expenses in complying with the Court Order, in the form of additional labor costs, photocopying costs, and delivery costs and that **PEO** may not be reimbursed for all such costs and expenses by the party requesting documentation (the "Requesting Party"). **Client** agrees to reimburse **PEO** for said costs and expenses not paid by the requesting party.

**15.3 Employment Prohibition.** During the period of this Agreement and for a period of one (1) year thereafter, **Client** agrees not to solicit for employment or employ any of **PEO**'s direct employees contacted during the performance of this Agreement. During the period of this Agreement and for a period of one (1) year thereafter, **PEO** agrees not to solicit for employment or employ as a direct employee any of **Client**'s employees contacted during the performance of this Agreement. Due to the inability to calculate the damages resulting from the breach of this provision, the parties agree to pay 50% of the first year's salary of the solicited employee for breach of this provision.

### **16. INDEMNIFICATION**

**16.1 Indemnification by PEO.** **PEO** agrees to defend, indemnify and hold **Client**, its shareholders, officers, directors, employees and controlling persons, harmless from any and all claims, fees, costs and expenses resulting from: (1) any breach or default by **PEO** under this Agreement or any other agreement between the parties; (2) any action, conduct or omission, real or alleged, of **PEO**, its agents, employees (excluding Shared Employees), officers and directors occurring at any time; and (3) any actions brought by a Shared Employee against **Client** arising from the actions or inactions of **PEO** relating to the Basic Services not delegated to **Client** hereunder or relating to Optional Items provided by **PEO** under this Agreement. Prior to invoking this indemnification provision, **Client** must first give **PEO** written notice of any applicable or alleged nonperformance and a reasonable period of time to cure the same.

**16.2 Indemnification by Client.** Client agrees to defend, indemnify and hold PEO, its shareholders, officers, directors, employees and controlling persons harmless from and against any and all claims, fees, costs and expenses resulting from: (1) any breach or default by Client under this Agreement or any other agreement between the parties; (2) any action, conduct or omission, real or alleged, of Client, its agents, employees, officers, directors and Shared Employees occurring at any time; and (3) any actions brought by a Shared Employee against PEO other than claims arising from the actions or inactions of PEO relating to the Basic Services not delegated to Client hereunder or relating to Optional Items provided by PEO under this Agreement. Prior to invoking this indemnification provision, PEO must first give Client written notice of any applicable or alleged nonperformance and a reasonable period of time to cure the same.

**16.3 Stop Payments.** If Client requests PEO to stop payment on a check to a Shared Employee and if PEO does so at Client's request, Client agrees to indemnify, defend and hold harmless PEO for the amount of the check, and from and against any and all Claims associated therewith, including costs and attorneys' fees. Requests by Client for such a stop payment order must be in writing to PEO and will be subject to fees plus any applicable bank charges.

**16.4 Survival.** The provisions of this Section 16. INDEMNIFICATION will survive the expiration or termination of this Agreement. In addition, any other duty of either party to indemnify, defend and hold harmless the other party shall survive the expiration or other termination of this Agreement.

## 17. GENERAL PROVISIONS

**17.1 Entire Agreement.** This Agreement is the entire agreement of the parties and supersedes any previous agreements or representations with respect to the subject matter herein between Client and PEO (or any predecessors-in-interest of such parties), including sales presentations. Except as provided elsewhere herein, this Agreement may not be altered or amended except by written agreement.

**17.2 Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original. Such counterparts shall together constitute one and the same Agreement.

**17.3 Assignment.** Client will not transfer or assign its rights or duties under this Agreement without the prior written consent of PEO, such consent to be granted or withheld by PEO in its sole discretion. It is expressly understood and agreed that PEO's rights and duties under this Agreement may be assigned by PEO (in its sole discretion and upon notice to Client) to one or more of its affiliated entities.

**17.4 Arbitration Provision.** Except as provided below, any dispute arising out of or relating to this Agreement, or the breach, termination or validity thereof, shall be settled by arbitration in accordance with the then current American Arbitration Association Rules for Arbitration by a single arbitrator judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof.

The arbitration shall take place in mutually agreed location in accordance with AAA's rules and procedures.

An arbitration shall be commenced by a written notice of a demand for arbitration, which must be sent by certified mail to the other party within ninety (90) days of the date of the conduct giving rise to the dispute. Failure to mail written notice of a demand for arbitration within such ninety-day period shall constitute an absolute bar to the institution of any proceedings and a waiver of the claimed wrongful act.

As to any dispute or controversy which under the terms hereof is made subject to arbitration, no suit at law or in equity based on such dispute or controversy shall be instituted by either party hereto, other than a suit to confirm, enforce, vacate, modify or correct the award of the arbitrator as provided by law; provided, however, that this clause shall not limit PEO's right to obtain any provisional remedy, including, without limitation, injunctive relief, writ for recovery or possession or similar relief, from any court of competent jurisdiction, as may be necessary in PEO's sole subjective judgment to protect its property rights.

Neither party shall be entitled to written or deposition discovery from the other. The arbitrator shall have the authority to award compensatory damages and to provide for the division of the arbitrator's fees between the parties. The arbitrator is not empowered to award damages in excess of compensatory damages, and each party hereby irrevocably waives any right to recover such damages with respect to any dispute subject to arbitration. Each party shall bear the costs of attorneys, expert witnesses and/or other expenses incurred by that party except as otherwise provided herein, and the arbitrator shall have no authority to allocate or apportion such costs.

The arbitrator shall have no authority to alter, amend or modify any of the terms and conditions of this Agreement, and further, the arbitrator may not enter any award which alters, amends or modifies the terms or conditions of this Agreement in any form or manner.

This paragraph does not govern or apply to disputes or circumstances involving non-payment by Client to PEO of the service fees, deductible payments, payroll or termination fees provided for in this Agreement, for which PEO may pursue any lawful remedy.

**17.5 Notices.** Notwithstanding any contrary provision herein, any notice, request, demand or other communication required or permitted hereunder must be made in writing and will be deemed as properly given: (1) on the date of service if served personally on the party to whom notice is to be given; (2) the third day after mailing when deposited in the United States Postal Service, postage prepaid; (3) when sent via facsimile, with written confirmation of successful transmission to the address indicated on the signature page below (or such other address as may be provided by a party in accordance with this Agreement); (4) via email upon verification through a "read receipt" from the recipient; or (5) on the day after sending if sent to the party to whom notice is to be given by private courier (e.g. FedEx or UPS) for next day delivery.

**17.6 Waivers.** No waiver of any rights under this Agreement will be valid unless in writing and signed by the party to be charged with such waiver. Waiver by either party of any term or provision of this Agreement shall not constitute a continuing waiver thereof nor of any further or additional rights such party may hold under this Agreement.

**17.7 Governing Law and Venue.** This Agreement will be governed by and construed in accordance with the laws of the State of Client's domicile (exclusive of its choice of law provisions). Exclusive venue for any permissible legal actions or other proceedings brought by any party in regard to or otherwise arising out of this Agreement will be in either state or federal court.

**17.8 Construction.** The language in this Agreement shall be construed as a whole according to its fair meaning and not strictly for nor against any party. The article, section and paragraph headings contained in this Agreement are for reference purposes only and will not affect the meaning or interpretation of this Agreement. Terms used in one number or gender shall be construed to include any other number or gender as the context may require. Each party has reviewed this Agreement and has had the opportunity to have counsel review the same. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party will not apply in the interpretation of this Agreement or any amendment or any exhibits hereto.

**17.9 Binding Agreement.** This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, personal representatives, successors, permitted assigns, and shareholder beneficiaries-in-interest. PEO's affiliated entities and their officers, directors, employees, and representatives shall each be a third-party beneficiary under this Agreement and shall be entitled to enforce the provisions of this Agreement conveying any right or remedies to PEO. In the event that more than one person or entity signs this Agreement as a Client or as a guarantor of any Client, the rights, duties, and indemnities of each such Client or guarantor shall be joint and several.

**17.10 Severability.** In the event any term or provision of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall remain in full force and effect, and either: (1) the invalid or unenforceable provision shall be modified to the minimum extent necessary to make it valid and enforceable; or (2) if such modification is not possible, this Agreement shall be interpreted as if such invalid or unenforceable provision were not a part of the Agreement.

**17.11 Limitation of Liability.** IN NO EVENT SHALL **PEO OR CLIENT** BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR ANY SCHEDULE OR ADDENDUMS HERETO, EVEN IF **EITHER PARTY** HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

**17.12 Force Majeure.** Each Party shall be excused for failure to perform any obligation where such failure results from circumstances beyond its control. Force Majeure and Other Events. Neither Party shall be liable for any delay in delivery or nonperformance or inadequate performance in whole or in part of its obligations under this Agreement if prevented from doing so by a cause or causes beyond its control, including, without limitation, acts of God or public enemy, fire, floods, swarms, earthquakes, hurricanes, riots, strikes, pandemics, war, interruption in services provided by a public utility or a data processing/storage vendor, and restraints of government. The suspension of performance shall be of no greater scope and no longer duration than is reasonably required and the non-performing Party shall use reasonable efforts to remedy its inability to perform.

**17.13 Attachments.** In addition, if necessary to comply with any applicable laws or regulations, **PEO** may propose the addition of one or more additional riders or attachments designed to comply therewith, by written notice to **Client** given at least 10 days prior to any effective modification date, which additional riders or attachments shall become a part of this Agreement 10 days after receipt.

## **PEO MASTER SERVICE AGREEMENT**

### **MULTI-STATE TERMS AND CONDITIONS**

#### **PART 2**

#### **ALABAMA**

Client is solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business. Any questions or complaints may be directed to the Director of the Alabama Department of Labor.

#### **ALASKA**

Client shall post notice of workers' compensation insurance coverage in three (3) conspicuous locations at Client's workplace(s) where Covered Employees provide services to Client, in accordance with state requirements.

#### **ARIZONA**

Client shall comply with and agrees to be considered the sole employer for purposes of the Legal Arizona Workers Act and to the extent not prohibited by applicable law, the obligation to comply with this Act is retained solely and exclusively by Client.

#### **ARKANSAS**

As provided by Arkansas Professional Employer Organization Recognition and Licensing Act, Section 23-92-411(a)(3), Client shall ensure, with the assistance of a licensed insurance provider, that any subcontractor of Client has workers' compensation coverage as required by law.

#### **CALIFORNIA**

Client hereby retains and/or assumes all civil legal responsibility and civil liability under Section 2810.3 of the Labor Code for the payment of wages to Worksite Employees under Section 6300 of the Labor Code – the California Safety and Health Act and for the failure to secure workers' compensation coverage. The worker's compensation coverage provided to Client in accordance with the terms of this agreement does not include coverage of defense for Serious and Willful Misconducts claims.

With or without consulting assistance from PEO, Client is solely responsible for completing anti-harassment training, to the extent required by California law, for all Covered Employees either live or online, every two (2) years and within six (6) months of a Covered Employee being hired or being promoted to supervisor position.

Client will not engage in operating a garment manufacturing operation or a car wash operation without PEO's written consent.

Client is responsible for implementing and maintaining an Illness Injury and Prevention Program and for otherwise complying with all California mandated health and safety requirements, with or without consulting assistance from PEO.

Client is responsible for complying with posting and notice requirements under California law, including but not limited to the Wage Theft Protection Act notices, EDD mandated unemployment and disability insurance notices, expense reimbursement, and new hire workers' compensation insurance related notices.

Client is responsible for ensuring compliance with California meal period, rest break, heat related break, seating, split shift, and minimum reporting time pay requirements, with or without consulting assistance from PEO.

Client will provide paid sick leave to Covered Employees to the full extent required by California state and local law, with or without consulting assistance from PEO. Client is solely responsible for all costs associated with "first aid" claims as defined by California law.

Client agrees that PEO is not a joint employer for purposes of liability pursuant to the California Wage Orders, Labor Code, and Government Code.

Client agrees that Client and PEO are not joint employers or dual employers, as those terms are defined by Cal/OSHA.

Client is responsible for reporting and recordkeeping

requirements under Cal/OSHA regulations related to work-related fatalities, injuries, and illnesses of Covered Employees.

Client is responsible for California business taxes, including without limitation, environmental fees required under California Health and Safety Code.

Client is responsible for paycheck statement compliance under California law and compliance with California Labor Code Section 226. Client shall collect and maintain, and ensure payroll statements are issued to Covered Employees which include, the following information: (1) gross wages earned; (2) total hours worked; (3) the number of piece-rate units earned and any applicable piece rate if paying on a piece-rate basis; (4) all deductions; (5) net wages earned; (6) the inclusive dates of the period for payment; (7) the name of the Covered Employee and only the last four digits of their social security number or an employee identification number other than a social security number; (8) the name and address of the legal entity that is the employer; and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate. Client acknowledges and agrees that it is responsible to issue its own statements as needed to ensure that all of this information has been provided to Covered Employees in compliance with Labor Code Section 226 and other California wage statement laws and regulations in addition to any payroll statements that may be issued by PEO.

To the extent Client compensates Covered Employees by the job, load, delivery, or piece, Client is solely responsible for ensuring that its pay practices comply with California wage laws. Included in this requirement is the obligation to ensure Covered Employees are paid the applicable minimum wage and overtime rates (if applicable) for hours worked as well as compensable down time and paid rest time, to the extent required by law.

To the extent Client pays any Covered Employees commissions, Client is solely responsible for compliance with California Labor Code section 2751.

Client is responsible for payment of the full EPLI policy deductible upon notice of a claim to the PEO or carrier, whichever occurs first, without reduction for any reason.

#### **CONNECTICUT**

Client is solely responsible, and PEO Workforce is not liable, for: (i) the quality, adequacy, and safety of goods or services produced or sold in the Client's business; (ii) directing, supervising, training, and controlling the work of a Covered Employee with respect to the business activities of the Client; and (iii) the acts, errors, or omissions of Client or any Covered Employee with respect to the business activities of Client.

#### **FLORIDA**

Client shall, however, retain such sufficient direction and control over the Covered Employees as is necessary to conduct Client's business and without which Client would be unable to conduct its business, discharge any fiduciary responsibility that it may have, or comply with any applicable licensure, regulatory, or statutory requirement of Client. Additionally, to the extent not prohibited by applicable law and Florida Administrative Code Section 61G7-6.001, Client will exercise the assignment of performing such rights and authority to allow Client to exercise sole and exclusive control over the day-to-day job duties of all Covered Employees and sole and exclusive control over the job site at which, or from which, Covered Employees perform their services. Client expressly absolves PEO of control over the day-to-day job duties of the Covered Employees and over the job site at which, or from which, Covered Employees perform their services. Additionally, Client and not PEO Workforce, shall have the right to control the manner, means, and details of the work performed by the Covered Employees. In this regard, authority to change Covered

Employees' employment and working conditions, the services provided by Covered Employees, the tools and equipment used by Covered Employees, and the ability to determine Covered Employees' rate and method of pay are all the responsibility of Client. The parties acknowledge and agree that any retention of any right of direction and control and any right to hire, terminate, discipline, and reassign the Covered Employees by PEO, to the extent not prohibited by applicable law, does not require the actual exercise of such authority, responsibilities, or rights by PEO. PEO only reserves and retains such rights, responsibilities, and authority as is required by applicable law and employment responsibilities not those of PEO pursuant to this Service Agreement or applicable law shall remain with Client. The Client has the right to accept or cancel the assignment of any Covered Employee.

#### **GEORGIA**

Group Management Services, Inc. is a Professional Employer Organization, as that term is defined under Georgia Code Sections 34-8-32 and 34-7-6. As such, PEO: (i) assumes responsibility for payment of the wages of Covered Employees, and for the withholding and payment of payroll taxes; and (ii) reserves a right of direction and control over Covered Employees. Client is considered to be the sole employer of Covered Employees for licensing purposes.

#### **HAWAII**

Client is solely responsible, and PEO is not liable, for: (i) the quality, adequacy, and safety of goods or services produced or sold in the Client's business; (ii) directing, supervising, training, and controlling the work of a Covered Employee with respect to the business activities of the Client; and (iii) the acts, errors, or omissions of Client or any Covered Employee with respect to the business activities of Client.

Client is responsible for payment of the full EPLI policy deductible upon notice of a claim to the PEO or carrier, whichever occurs first, without reduction for any reason.

#### **INDIANA**

Pursuant to Indiana Statute §27-16-7-2, PEO assumes Responsibility for (i) payment of wages to Covered Employees; (ii) withholding, collection, reporting, and remittance of payroll related and unemployment taxes; and (iii) making payments for employee benefits for Covered Employees (if any). Client is solely responsible, and PEO is not liable, for: (i) the quality, adequacy, and safety of goods or services produced or sold in the Client's business; (ii) directing, supervising, training, and controlling the work of a Covered Employee with respect to the business activities of the Client; and (iii) the acts, errors, or omissions of Client or any Covered Employee with respect to the business activities of Client.

#### **KANSAS**

Pursuant to the Kansas Professional Employer Organization Registration Act ("Act"), K.S.A. 44-1707, PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding and remittance of payroll-related taxes; (ii) assumes responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any); and (iii) retains a right to hire, terminate, and discipline Covered Employees only as necessary to fulfill PEO'S responsibilities under this Agreement and state law.

Client is solely responsible, and PEO Workforce is not liable, for: (i) the quality, adequacy, and safety of goods or services produced or sold in the Client's business; (ii) directing, supervising, training, and controlling the work of a Covered Employee with respect to the business activities of the Client; and (iii) the acts, errors, or omissions of Client or any Covered Employee with respect to the business activities of Client.

A Covered Employee is not considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

PEO will provide, and Client will post, in a conspicuous place at the Client's worksite, a notice to Covered Employees informing them of the general nature of the co-employment relationship between PEO and Client, as well as any other notices required by state law relating to unemployment compensation and minimum wages.

#### **LOUISIANA**

Pursuant to the Louisiana Professional Employer Act, Revised Statute Section 23:1768 and 22:1210.53, PEO (i) assumes responsibility for the payment of wages to Covered Employees and the withholding and remittance of payroll-related taxes; and (ii) retains a right to hire, terminate, and discipline Covered Employees.

This Agreement is executed between PEO and Client subject to the provisions of Part VII of Title 22 and Part XII of Chapter 11 of Title 23 of the Louisiana Revised Statutes of 1950.

#### **MAINE**

As required by Maine Revised Statute Title 32, Chapter 125 Sections 14051 and 14055(5):

Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee. PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. Only to the extent required by state law in order to provide the services contemplated by this Agreement, and for no other purpose express or implied, PEO reserves a right of direction and control over each Covered Employee. Client may report any complaints regarding PEO Workforce to the Superintendent of Consumer Credit Protection.

#### **MASSACHUSETTS**

Client will notify the Massachusetts Department of Unemployment Assistance of the commencement of the PEO relationship at least 60 days prior to the next due date for the payment of unemployment insurance contributions in accordance with 430 Mass. Code Regs. section 5.10, and thereafter provide proof of proper notice to PEO.

PEO Workforce shall have a right to hire and terminate Covered Employees, but only to the extent necessary to fulfill PEO responsibilities as set forth in this Agreement or pursuant to Mass. Gen. Laws, Ch. 149, sections 192 to 203, inclusive, and Client shall have the right to hire, discipline, and terminate Covered Employees.

Upon initiation of the PEO relationship, PEO shall provide, and Client will post in a conspicuous location at the Client's worksite, a notice to Covered Employees informing them of the general nature of the co-employment relationship between PEO and Client, as required under Mass. Gen. Laws, Ch. 149, section 197(c). Upon termination of the PEO relationship, PEO shall provide Covered Employees with written notice of the termination of the PEO relationship, as required under Mass. Gen. Laws, Ch. 149, section 197(d). Client will cooperate with PEO to post required notice in Client's workplace regarding the general nature of the relationship between PEO Workforce and Client, as required under 454 Code of Mass. Regs., section 30.06.

#### **MICHIGAN**

Client is solely responsible for the quality, adequacy, and safety of the goods or services produced or sold in Client's business. Moreover, Covered Employees whose services are subject to sales tax are considered the employees of Client for purposes of collecting and levying sales tax on the services performed by such Covered Employee. This Agreement does not relieve Client of any sales tax liability with respect to its goods or services.

Pursuant to Michigan Administrative Code Section 421.190, Client acknowledges that neither PEO, nor any individual owner of PEO, has an ownership interest of more than 20% in Client, if any, nor does PEO have direct or indirect control over Client, including any Client subsidiaries or affiliates, Client does not have more than a 20% ownership interest in EPO, if any.

#### **MONTANA**

Client shares joint and several liability for any wages, workers' compensation premiums, payroll related taxes and for any benefits left unpaid by PEO, and that in the event that PEO's license is suspended or revoked, this liability is retroactive to Client. Client is responsible for compliance with the Montana Safety Culture Act, Title 39, Chapter 7. Pursuant to the Montana Professional Employer Organizations and Groups Licensing Act, MCL § 39-8-207, PEO (i) reserves a right of direction and control over Covered Employees; (ii) assumes responsibility for the payment of wages to Covered Employees, workers' compensation premiums, payroll-related taxes, and employee benefits (if any) from its own accounts without regard to payment by Client to PEO; and (iii) retains authority to hire, terminate, discipline, and reassign Covered Employees. Client is solely responsible for compliance with Montana's Wrongful Discharge from Employment Act, MT Code Section 39-2-901, et seq. (WDFEA), and a Covered Employee's employment status with Client, under the WDFEA does not alter Covered Employee's status with PEO.

#### **NEBRASKA**

Pursuant to Nebraska Revised Statute §48-2701, et seq., of the Nebraska Professional Employer Organization Registration Act, PEO: (i) assumes responsibility for the payment of wages to Covered Employees and the withholding, collecting, reporting, and remittance of payroll-related taxes; (ii) assumes responsibility to make payments for employee benefits for Covered Employees under the Agreement (if any); and (iii) retains a right to hire, terminate, and discipline Covered Employees only as necessary to fulfill PEO's responsibilities under this Agreement and state law. Client represents and warrants that a majority of Client's employees who provide services to Client in Nebraska are co-employed under this Agreement. Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship. PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee. Client retains the exclusive right to direct and control Covered Employees as is necessary to conduct its business, to discharge any of its fiduciary responsibilities, and to comply with any applicable licensure.

#### **NEVADA**

Pursuant to Nevada Revised Statute, 616B.692, in relation to workers' compensation coverage Client understands that (i) coverage for workers' compensation provided under this Agreement does not take effect until effective date designated on the policy; and (ii) while the workers' compensation coverage provided under this Agreement remains in effect, PEO will pay all required premiums, including without limitation, any adjustments or assessments, and is entitled to any refund of premiums. Except as provided by this Agreement and by state law, all services provided under this Agreement by PEO will cease immediately on the effective date of any termination under this Agreement. Client acknowledges that the insurer from whom PEO obtains the policy of workers' compensation insurance has the right to inspect the premises and records of Client. The loss experience of Client will continue to be reported in the name of Client to the Nevada Commissioner of Insurance and is available to subsequent insurers upon request. The policy of workers' compensation insurance covers only those employees acknowledged in writing by PEO to be employees of PEO who are being leased to the Client. Client is responsible at all times for providing coverage for workers' compensation for any employees of Client who are not Covered Employees



under this Agreement. Client must provide satisfactory evidence of this required coverage to the insurer from whom the policy of workers' compensation insurance is obtained by PEO.

### **NEW JERSEY**

Pursuant to NJS § 34:8-68, PEO: (i) reserves a right of direction and control over each Covered Employee; (ii) assumes responsibility for the payment of wages to each Covered Employee without regard to payments by Client to PEO (except that this subsection will not affect Client's obligations with respect to the payment of wages to covered employees; (iii) assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on each Covered Employee; (iv) retains authority to hire, terminate, discipline, and reassign each Covered Employee; (v) except in relation to newly established business entities, PEO will hire its initial employee complement from among employees of Client at the time of execution of this Agreement at comparable terms and conditions of employment as are in existence at Client at the time of execution of this Agreement and as designated by Client; and (vii) will provide workers' compensation insurance for Covered Employees.

In compliance with NJ St. section 34:8-68(2)(a)(8), if Client and PEO have agreed in writing that Client will assume responsibility for providing workers' compensation insurance for Covered Employees, Client will cooperate with PEO in providing documents and information needed for PEO to provide the required notice of such election and proof of coverage to the New Jersey Department of Labor and Workforce Development. Additionally, Client shall provide a copy of the written agreement to the carrier that issued the policy. The right of direction and control over management of safety, risk and hazard control of the work site including responsibility for performing safety inspections of Client equipment and premises, responsibility for promulgation and administration of employment and safety policies, and responsibility for the management of workers compensation claims and filings shall be allocated to Client.

Calculation of Temporary Disability Contribution Rates. For as long as PEO maintains an approved private plan of disability benefits under the "Temporary Disability Benefits Law," Client and PEO are exempt from the requirement to contribute to the New Jersey State Disability Benefits Fund pursuant to N.J.S.A. 43:21-7 with respect to wages paid to the PEO NJ Covered Employees. Client shall instead be required to pay the premium amount established by PEO and its insurance carrier. Upon a Termination, PEO shall provide to the NJDOL the data required thereby to calculate the temporary disability rates of the PEO NJ Covered Employees to the extent required by applicable law. Client remains obligated to contribute to the New Jersey State Disability Fund pursuant to N.J.S.A. 43:21-7 with respect to wages paid to any Client NJ Employees unless Client is subject to an exemption in accordance with applicable law.

### **NEW YORK**

Pursuant to §922 of the New York Professional Employer Act, PEO: (i) reserves a right of direction and control over Covered Employees. Client maintains such direction and control over Covered Employees as is necessary to conduct the Client's business and without which the Client would be unable to conduct its business, discharge any fiduciary responsibility which it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the Client; (ii) assumes responsibility for the withholding and remittance of payroll-related taxes and employee benefits for Covered Employees and for which PEO has contractually assumed responsibility from its own accounts, during the term of the Agreement; (iii) retains authority to hire, terminate and discipline Covered Employees, to the extent necessary to fulfill PEO's obligations under state law; and (iv) will be considered an employer for the purposes of withholding state income taxes for Covered Employees.

Client is solely responsible for compliance with the requirements of Section 195.1 of the New York State Labor Laws, and Client shall ensure that all Covered Employees provide written acknowledgement of receipt of the Notice and Acknowledgement of Pay Rate and Payday Under Section 195.1 of the New York State Labor Laws, as required by applicable law, including utilizing a template prepared by the Commissioner of the New York State Department of Labor, and Client shall maintain records of such acknowledgements. Additionally, the obligation of Client to comply with Section 195.1 of the New York State Labor Laws shall include the following with regard to all Covered Employees and the required information shall be supplied to each Covered Employee in English and in the language identified by each Covered Employee as the primary language of such individual: (i) The rate of pay and basis thereof, including whether the Covered Employee is paid by the hour, shift, day, week, salary, piece, commission, or otherwise; (ii) For all Covered Employees who are not exempt from overtime compensation, the regular hourly rate of pay and overtime rate of pay shall be set forth; (iii) Any allowances, if any, claimed as part of the minimum wage, including tip, meal, or lodging allowances; (iv) The regular payday designated by Client; (v) The name of Client, including any "doing business as" names used by Client; (vi) The name of PEO, including any "doing business as" names used by PEO; (vii) The telephone number and physical address of Client's main office and principal place of business and a mailing address if the mailing address is different; and (viii) The telephone number and physical address of PEO's main office and principal place of business and a mailing address if the mailing address is different.

Each time Client provides such notices as set forth at c. i-viii of this Addenda to a Covered Employee Client shall obtain from the Covered Employee a signed and dated written acknowledgement, in English and in the primary language of the Covered Employee, of receipt of each notice. Client shall preserve and maintain all such information required by New York law to be preserved as well as all required notices and acknowledgements for six (6) years. Client shall immediately supply a copy of each notice and acknowledgement to PEO. Such acknowledgement shall include an affirmation by each Covered Employee that the Covered Employee accurately identified his or her primary language to Client and that the notice provided by Client to such Covered Employee was in the language so identified.

At least three (3) calendar days prior to PEO's preparation of payroll for Covered Employees, Client shall supply to Covered Employees a statement, broken down on a weekly basis, the following:

(i) The dates of work for the pay period, (ii) name of the Covered Employee, (iii) the name of Client, (iv) the address and phone number of Client, (v) the rate(s) of pay, and basis thereof, whether the Covered Employee is paid by the hour, shift, day, week, salary, piece, commission, or other; and (vi) the gross wages, deductions, allowances, if any, that are claimed as part of the minimum wage and net wages. For all Covered Employees who are not exempt from overtime compensation, the statement shall include the regular hourly rate or rates of pay, the overtime rate, or rates of pay, as well as the number of regular hours worked, and the number of overtime hours worked each workweek. For any Covered Employee paid on a piece rate basis, the information supplied to Covered Employees shall include the applicable piece rate or rates of pay and number of pieces completed at each piece rate. In addition, should any Covered Employee, at any time request an explanation of how that Covered Employee's wages were computed, Client shall furnish Covered Employees with an explanation in writing of how such wages were computed.

Client shall notify all Covered Employees, in writing, of any change(s) to the information set forth above, at least seven (7) calendar days prior to the time of such change(s). Additionally, notification of such change(s) shall be supplied by Client, in writing, to PEO at least twenty-one (21) calendar days prior to the implementation of such change(s). Client shall notify Covered Employees in writing or by publicly posting Client's policies regarding sick leave, vacation leave, personal leave, holidays, and hours. Client maintains such direction and control over Covered Employees as is necessary to conduct the Client's business and without which the Client would be unable to conduct its business, discharge any fiduciary responsibility which it may have, or comply with any applicable licensure, regulatory, or statutory requirement of the Client.

### **NORTH CAROLINA**

Pursuant to North Carolina Professional Employer Organization Act, §58-89A-100, PEO: (i) reserves a right of direction and control over Covered Employees; (ii) assumes responsibility for the payment of wages to Covered Employees and for the collection and remittance of payroll taxes of Covered Employees; (iii) retains authority to hire, terminate, and discipline Covered Employees; and (iv) retains a right of direction or control over the adoption of employment policies and the management of workers' compensation claims, claim filings, and related procedures in accordance with applicable federal and state laws.

Nothing in this Agreement shall be construed to require conduct that is contrary to North Carolina accountancy laws and rules. Employment responsibilities not allocated to PEO by Client or Section 58-89A-100 of the North Carolina Professional Employer Organization Act, remain with Client.

### **OHIO**

Client will establish and maintain a separate active workers' compensation account with the Ohio Bureau of Workers' Compensation, as required by state law.

Client will cooperate with PEO with respect to PEO's duty under state law to (i) maintain a record of workers' compensation claims for Client; and (ii) maintain records separately listing the manual classifications of Client and the payroll reported to each manual classification for each payroll reporting period while this Agreement remains in effect.

As required under applicable Ohio law, the initial term of the Agreement is twelve months.

### **OKLAHOMA**

Pursuant to §40-600.7(C) of the Oklahoma Professional Employer Organization Recognition and Registration Act, PEO (i) reserves a right of direction and control over Covered Employees; (ii) retains a right to hire, discipline, and terminate a Covered Employee; (iii) will pay wages to any Covered Employee and will withhold, collect, report, and remit payroll-related and unemployment taxes on such wages; and (iv) will make payments for employee benefits for Covered Employees (if any).

Client retains sufficient direction or control as necessary to conduct its business and without which Client would be unable to conduct its business, discharge fiduciary responsibilities, or comply with any applicable licensure requirements it may have.

### **OREGON**

Client will cooperate fully with PEO in completing and filing a Worker's and Employer's Report of Occupational Injury or Disease (DCBS Form 801) in connection with any injuries to Covered Employees, as required under state law.

Client is responsible for payment of the full EPLI policy deductible upon notice of a claim to the PEO or carrier, whichever occurs first, without reduction for any reason.

### **PENNSYLVANIA**

PEO and Client assume the responsibilities required by the State of Pennsylvania Professional Employer Organization Act ("Act"). Client shall be entitled to exercise all rights and shall be obligated to perform all duties and responsibilities, otherwise applicable to an employer in an employment relationship. PEO shall be entitled to exercise only those rights, and obligated to perform only those duties and responsibilities, specifically required by the Act or set forth in this Agreement. The rights, duties and obligations of PEO, as a co-employer with respect to any Worksite Employee shall be limited to those arising pursuant to this Agreement and the Act during the term of co-employment by PEO of the Worksite Employee. Nothing in the Act or in this Agreement shall relieve Client from compliance with the Commonwealth's wage and labor laws, including the act of May 13, 1915 (P.L.286. No.177), known as the Child Labor Law, the act of August 15, 1961 (P.L.987. No.442), known as the Pennsylvania

Prevailing Wage Act, the act of July 14, 1961 (P.L. 637, No. 329), known as the Wage Payment and Collection Law, and the act of January 17, 1968 (P.L. 11, No. 5), known as The Minimum Wage Act of 1968. If Client is a health care facility as defined in section 2 of the act of October 9, 2008 (P.L. 1376, No. 102), known as the Prohibition of Excessive Overtime in Health Care Act, Client shall comply with that act. PEO shall not knowingly engage in or assist in the violation of the statutes referenced herein. PEO shall have a right to hire, discipline and terminate a Worksite Employee as necessary to fulfill its responsibilities under the Act and this Agreement.

## **RHODE ISLAND**

Pursuant to Rhode Island Statute §5-75-7 of the Rhode Island Professional Employer Organizations Act, PEO: (i) reserves a right of direction and control over Covered Employees; (ii) retains a right to hire, discipline, and terminate Covered Employees as may be necessary to fulfill the PEO's responsibilities under state law and the Agreement; (iii) will have the responsibility to pay wages to Covered Employees and will withhold, collect, report, and remit payroll-related and unemployment taxes on such wages; and (iv) will make payments for employee benefits for Covered Employees (if any).

## **SOUTH CAROLINA**

PEO agrees that PEO and its workers' compensation insurer are bound by and subject to the awards, judgments, or decrees rendered against them under the provisions of South Carolina Code of Laws, Title 42, Workers' Compensation. PEO is in a co-employment relationship with Client and is licensed and regulated by the South Carolina Department of Consumer Affairs. Any questions or complaints regarding PEO should be directed to the Department at P.O. Box 5757; Columbia, SC 29250-5757; www.consumer.sc.gov 1-800-922-1594 or (803) 734-4200.

## **SOUTH DAKOTA**

Pursuant to South Dakota Administrative Rule Section 64:06:02:89, PEO assumes the responsibility (i) for the payment of wages, salaries, payroll taxes, payroll deductions, workers' compensation costs, insurance premiums, welfare benefits, and retirement benefits (if any); and (ii) for preparing and filing necessary tax returns and other documents as required by state or federal law.

## **TENNESSEE**

Pursuant to Tennessee Professional Employer Organization Act, §62-43-108, PEO: (i) reserves a right of direction and control over Covered Employees; (ii) retains a right to hire, discipline, and terminate Covered Employees as may be necessary to fulfill the PEO's responsibilities under state law and the Agreement; (iii) assumes responsibility to pay wages to Covered Employees, to collect and pay payroll taxes on such wages, and to pay for employee benefits under the Agreement (if any), regardless of payments by the Client to PEO; and (iv) retains a right of direction or control over the adoption of employment policies and the management of workers' compensation claims, claim filings, and related procedures on joint agreement by Client and PEO in accordance with applicable federal and state laws.

Client retains sufficient direction and control over Covered Employees as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee. Client is entitled to exercise all rights and is obligated to perform all duties and responsibilities otherwise applicable to an employer in an employment relationship, including the right to hire, discipline, and terminate a Covered Employee.

PEO is entitled to exercise only those rights and obligated to perform only those duties and responsibilities specifically required by state law or set forth in the Agreement. The rights, duties, and obligations of PEO as co-employer with respect to any Covered Employee are limited to those arising under the Agreement and state law during the term of co-employment by PEO of the Covered Employee.

Client is solely responsible, and PEO is not liable, for: (i) the quality, adequacy, and safety of goods or services produced or sold in the Client's business; and (ii) directing, supervising, training, and controlling the work of a Covered Employee with respect to the business activities of the Client.

A Covered Employee is not considered, solely as the result of being a Covered Employee, an employee of PEO for purposes of general liability insurance, fidelity bonds, surety bonds, employer's liability, which is not covered by workers' compensation, or other liability insurance carried by PEO unless the Covered Employee is included by specific, express reference herein or in an applicable employment agreement, insurance contract or bond.

## **TEXAS**

Pursuant to Texas Professional Employer Organization Act, §91.032, PEO: (1) shares with Client the right of direction and control over Covered Employees; (2) assumes responsibility for the payment of wages to Covered Employees without regard to payments by Client to PEO; (3) assumes responsibility for the payment of payroll taxes and collection of taxes from payroll on Covered Employees; (4) shares, with Client the right to hire, fire, discipline, and reassign Covered Employees; and (5) shares with Client the right of direction and control over the adoption of employment and safety policies and the management of workers' compensation claims, claim filings, and related procedures.

Client retains responsibility for: (1) the direction and control of Covered Employees as necessary to conduct Client's business, discharge any applicable fiduciary duty, or comply with any licensure, regulatory, or statutory requirement; (2) all goods and services produced by Client, including those produced or provided by Covered Employees; and (3) the acts, errors, and omissions of Covered Employees.

Client is solely obligated to pay any wages for which: (1) the obligation to pay is created by an agreement, contract, plan, or policy between Client and the Covered Employee; and (2) PEO has not contracted to pay. Client and PEO each certify that the Agreement and this Addendum meet the requirements and conditions set forth in Title 34, Texas Administrative Code, Part 1, Chapter 3, Subchapter O, Rule §3.364 and that both PEO and Client will retain a copy of this certification in their respective files.

Any unresolved complaints concerning PEO or questions concerning the regulation of PEO may be addressed to the Texas Department of Licensing and Regulation, P.O. Box 12157, Austin, Texas 78711, Telephone: (512) 463-6599.

## **UTAH**

Pursuant to §31A-40-202 of the Utah Professional Employer Organization Licensing Act, PEO assumes responsibility for (1) the payment of wages to Covered Employees; (2) for the withholding, remittance, and reporting of payroll-related taxes (including unemployment insurance contributions) for, and on behalf of, Covered Employees; and (3) make appropriate payments for the provision of Employee Benefits to Covered Employees (if applicable).

PEO retains a right to hire, discipline, or terminate a Covered Employee to the extent necessary to fulfill PEO's obligations under this Agreement and state law.

PEO will secure workers' compensation insurance coverage for Covered Employees in a manner consistent with Utah Code § 31A-40-209.

## **VIRGINIA**

Client acknowledges that it is obligated to comply with the insuring requirement of §65.2-80 I of the Code of Virginia with respect to Client employees who are not Worksite Employees covered under the PEO workers' compensation policy. Client retains responsibility to comply with the insuring requirement of § 65.2-801 of the Code of Virginia with respect to any of Client's workers who are not Covered Employees. Client agrees to obtain workers compensation coverage for those employees in accordance with Virginia law.

## **WASHINGTON**

PEO will not maintain workers' compensation coverage for those certain Worksite Employees whose primary worksites are located within the State of Washington. Client shall purchase and maintain workers' compensation coverage through the Washington State Department of Labor & Industries ("WSDLI") for such Worksite Employees, owner(s) and those persons identified by Client as self-employed individuals (as such term is described in Part I, Section II.CJ).

Client will register and/or maintain its registration with the Washington Employment Security Department and obtain and/or maintain an employment security account number, in accordance with state law. Client will cooperate with PEO to complete and submit a Power of Attorney for Unemployment Insurance, in accordance with state law. Client will provide paid sick leave to Covered Employees to the full extent required by state and local law, with or without consulting assistance from PEO.

Client is responsible for payment of the full EPLI policy deductible upon notice of a claim to the PEO or carrier, whichever occurs first, without reduction for any reason.

## **WISCONSIN**

Pursuant to Wisconsin's Statutes §108.02(21e), PEO: (i) retains a right to hire, terminate, reassign, and set the rate of pay of a Covered Employee; (ii) assumes responsibility for the payment of wages to Covered Employees from its own accounts; (iii) reserves a right of direction and control over Covered Employees; (iv) assumes responsibility for the withholding, remittance, and reporting of payroll-related taxes (including unemployment insurance contributions) for, and on behalf of, Covered Employees; and (v) assumes responsibility for making appropriate payments for the provision of employee benefits to Covered Employees (if any).

Client retains sufficient direction and control over Covered Employees as is necessary to conduct Client's business, to discharge any of Client's fiduciary responsibilities, or to comply with any licensure requirements applicable to Client or to a Covered Employee.

## **WYOMING**

A worksite Employee will not be assigned to a Client's worksite until after the individual has satisfactorily completed GMS pre-employment paperwork and background screens as necessary. Upon termination of the service agreement, employment of worksite employees shall be automatically transferred to the Client, and any automatic severance pay or similar pay that the Client provides shall be the responsibility of the Client.

GMS will provide workers' compensation insurance coverage for the Covered Employees and administer claims under such coverage in compliance with applicable law. Client workers who are not timely reported to GMS in compliance with GMS's new-hire onboarding requirements will not be covered by workers' compensation insurance provided through GMS for any period during which they are not a Covered Employee.

**PEO MASTER SERVICE AGREEMENT**  
**PRIVACY AND BIOMETRIC SERVICES**  
**PART 3**

**INFORMATION SECURITY: DATA ACCESS PRIVACY**

**A. Information Security:** GMS maintains information on security and safeguarding policies and employ commercially reasonable storage (including backup, archive, and redundant data storage, on-site off-site) and reasonable precautions to prevent disclosure to an unauthorized third party, loss or alteration of the Client's information, date, and/or Worksite Employees Information in GMS's possession. However, you are advised that GMS does not undertake to guarantee against any such losses or alteration. In the event that Client requests that GMS provide any Client or Worksite Employee plan participant information to any third party or to any non-U.S. Client location, Client represents that it has acquired any necessary consents or provided any notices required to transfer such content or information and that such transfer does not violate any applicable international, federal, state or local laws and/or regulations. GMS reserves the right to request additional consents or documentation regarding any release of Client or Worksite Employee information to a third party or to any non-U.S. Client location.

**B. Data Access, Transmissions, and Information Security Breaches.** Certain GMS products and services may be provided through and accessed by Client and Worksite Employees through the internet at a website provided by GMS (including, without limitation, the GMS Payroll Processing Platform), including those hosted by GMS on behalf of Client ("Site"). To the extent any services are provided through the internet, such services are referred to as "Internet Professional Employer Services." Client acknowledges that GMS is not responsible for information submitted by Client or Worksite Employees through the site and absolves GMS of any liability for any claims arising from Client or Worksite Employee information submitted through the site. Client agrees to take commercially reasonable precautions to maintain the privacy of usernames and passwords for any Internet Professional Employer Services. In addition, client acknowledges that security of transmissions over the internet cannot be guaranteed. GMS is not responsible for (i) client's or worksite Employees access to the internet: (ii) interception or interruptions of communications through the internet; or (iii) changes or losses with data through the internet. Each party will be responsible for complying with all requirements of applicable law or regulation regarding information security including information security breaches involving Client's information, data files and Worksite Employees' information that is stored on the computer systems of such party or its affiliates or vendors.

**C. Links to Third Party Sites.** The Site(s) may contain links to other internet sites. Links to and from the site to other third-party sites do not constitute an endorsement by GMS or any of their subsidiaries or affiliates of such third-party sites or the appearance or responsibility for the content on such sites.

**D. Privacy.** GMS and Client agree to abide by all applicable federal, state and local privacy laws with respect to information regarding Worksite Employees and information and data of each other, which is subject to such privacy laws, including information not deemed to Confidential information.

**BIOMETRIC SERVICES**

i. Definitions:

- a) "Biometric Data" includes information collectively by timeclocks and software that use finger and/or hand scan technology, which potentially may include Biometric Identifiers and Biometric Information.
- b) "Biometric Identifier" means a retina or iris scan, fingerprint, voiceprint, or scan of hand or face geometry.
- c) "Biometric Information" means any information regardless of how it is captured, converted, stored, or shared, based on an individual's biometric identifier used to identify an individual.
- d) "Biometric Services" means services provided by GMS to client via the use of timeclocks and software in connection with GMS provision of Time and Labor Management, to the extent such timeclocks or software collect, store, or use Biometric Data.
- e) "Biometric User" means Client's employees or independent contractors who use Biometric Services to record their attendance, hours worked, or other work-related data.

ii. Biometric Services are optional. In certain jurisdictions, there are laws and regulations that govern the collection, use, and retention of biometric information, which potentially may apply to Client's use of Biometric Services. To the extent Client elects to use Biometric Services, Client agrees to comply with all such potentially applicable laws and regulations. In the event Client is unwilling to comply with laws and regulations potentially applicable to Biometric Services, Client will be able to continue to use Time and Labor Management without Biometric Services. The following terms and conditions apply to Biometric Services to the extent Biometric Services are part of the scope of Services:

a) **Requirements for Receipt of Biometric Services.** Before any Client or Biometric User is permitted to use any Biometric Services in jurisdictions where laws and regulations potentially govern such use, Client will comply with the following requirements, in addition to any other requirements imposed by potentially applicable law (to the extent there is conflict between the requirements below and the requirements of potentially applicable law, Client will comply with potentially applicable law):

1. **Client Biometric Information Policy.** Client will implement, distribute and make available to the public, a written policy establishing Client's policy with respect to the use of Biometric Data. Such policy will include:

- A. a retention schedule and guidelines for permanently destroying Biometric Data;
- B. a commitment to destroy Biometric Data when the initial purpose for collecting or obtaining such Biometric Data has been satisfied or within 3 years of the individual's last interaction with Client, whichever ever occurs first; and
- C. any additional requirements as required by potentially applicable law.

2. **Biometric User Notice and Consent.** Client will provide notice to and procure and retain appropriate consents or releases from Biometric User in the manner and to the extent the same are required by potentially applicable law, including;

3. **Retention and Purging of Biometric Data.** Client will work with GMS to ensure that Biometric data is retained and purged in accordance with potentially applicable law. To the extent necessary for the purging or deletion of such Biometric Data. Client agrees to Provide timely notification to GMS of the termination of the employment, or the Satisfaction of the purpose for which Biometric Data was collected with respect to any given Biometric User. GMS is not responsible for Client's failure to provide timely notification of the termination of the employment, or the satisfaction of the purpose for which Biometric Data was collected with respect to any given Biometric User.

4. **Storage of Biometric Data in Timeclocks.** Client agrees that it shall use a reasonable standard care consistent with potentially applicable law to store, transmit, and protect from disclosure any Biometric Data. Such storage, transmission, and protection from disclosure shall be performed in a manner that is the same as or more protective than the manner in which Client stores, transmits and protects from disclosure other confidential and sensitive information including personal information that can be used to uniquely identify an individual or an individual's account or property. Such as genetic markers, genetic testing information, account numbers, PINs, driver's license, numbers, and social security numbers.

b) **Third Party Beneficiaries.** Notwithstanding anything to the contrary in the Agreement, Client agrees that the GMS licensor of any applicable Biometric Services (and their respective Successors and assigns) are third party beneficiaries of the Agreement solely as it relates to Biometric Services.

c) **Additional Termination Provisions for Biometric Services.** If GMS determines that Client has failed to comply with any potentially applicable laws and regulations applicable to the Biometric Services, GMS may, in its sole discretion and upon notice to Client, immediately suspend or terminate the Biometric Services.