



Employee Retention Bonus Program

Overview and Eligibility

Foundation Staffing Solutions (“the Company”) is implementing a **Retention Bonus Program** to reward temporary and temp-to-hire employees for sustained employment and good standing. **Eligibility:** All Company employees working on a temporary or temp-to-hire assignment are eligible to participate. To earn the bonus, an employee must remain continuously employed with the Company for **nine (9) months of continuous service** in their assignment, or **convert to a full-time position** with the client company before reaching 9 months. “Continuous employment” means the employee has no break in service (excluding approved leaves) and has not resigned or been terminated during the period.

Bonus Accrual and Payout

Accrual Rate: For each eligible employee, the Company will set aside **\$1.00 for every hour worked** by that employee during the retention period (e.g. if the employee works 1,000 hours in 9 months, \$1,000 is accrued for their bonus). This accrual is based on actual hours worked on the assignment (including any overtime hours).

Payout Timing: The retention bonus will be paid out in a **lump sum** after the employee completes nine months of continuous employment or immediately upon an earlier full-time hire by the client (whichever comes first). The payout will occur on the next regular payroll date following the attainment of the milestone. **Active Employment Requirement:** The employee **must be actively employed by the Company on the payout date** (the “vesting date”) in order to receive the bonus. If the employee has separated from employment with the Company before that date (other than by being hired by the client as a direct employee), the bonus is not earned and will not be paid.

Payment and Taxes: The retention bonus will be paid through payroll, less applicable tax withholdings. It will be identified as a bonus payment on the employee’s pay stub. (For tax purposes, bonuses are typically subject to supplemental withholding rates.)

Conditions for Bonus Eligibility

To qualify for the retention bonus at the payout time, the employee **must satisfy all of the following conditions** during the 9-month period (or until early conversion date):

- **Attendance:** Maintain satisfactory attendance without **excessive absenteeism**. Excessive absenteeism is defined as more than **1 unscheduled/unexcused**



absence in any calendar month during the period (since **two or more absences in a month** are commonly deemed excessive). In total, no more than **5** unexcused absences should accrue within the 9 months. Approved absences (planned vacation days, pre-approved personal leave, bereavement leave, jury duty, **legally protected leaves** such as FMLA, etc.) do **not** count as “unexcused” absences and will **not** jeopardize bonus eligibility. The employee must follow proper call-in procedures for any unscheduled absence. Failure to provide proper notice or excessive call-outs may result in disqualification from the bonus.

- **Punctuality:** Demonstrate reliable punctuality without **excessive tardiness**. Excessive tardiness is defined as **three or more instances of lateness in a month**. For purposes of this program, “tardiness” means arriving more than 5 minutes past the scheduled start time (or returning late from break) without prior approval. Employees **must not incur 3 or more tardies in any single month** during the period. Habitual lateness will result in ineligibility. (For example, an employee who is late 3 times in one month or accumulates more than ~8 tardy incidents over the 9-month period would be considered excessively tardy and thus not meet this condition.)
- **Performance and Conduct:** Maintain **good performance standing** and comply with workplace rules throughout the period. The employee **must not receive any formal written warnings or disciplinary write-ups** for performance, conduct, or attendance issues during the 9 months. This means the employee should meet productivity and quality expectations and adhere to all Company and client workplace policies. An employee who is placed on a Performance Improvement Plan (PIP) or written up for misconduct, safety violations, or other serious policy infractions will be disqualified from receiving the bonus. In short, the employee must remain in “good standing” – performing satisfactorily and without disciplinary issues – through the vesting date.
- **Continuous Assignment:** The employee must fulfill the assignment commitment. Quitting the assignment or refusing to report to work (job abandonment) before reaching the 9-month mark will forfeit the bonus. Likewise, if an employee is **terminated for cause** (e.g. due to misconduct, policy violation, excessive absences/tardiness, or poor performance) before the payout date, they will not receive the bonus. (If the client company chooses to hire the employee full-time, that triggers the early payout as noted above, so it is an exception to remaining the full 9 months.)
- **No “Excessive” Discipline:** As a summary of the above, any **excessive attendance issues or rule violations** that would normally trigger formal discipline per Company policy will render the employee ineligible. (For context, many



employers define excessive absenteeism as **2+ absences in a month** and excessive tardiness as **3+ late arrivals in a month**, excluding legitimate protected leave. The Company's standard attendance policy aligns with these norms, and employees meeting those standards should remain eligible for the bonus.)

Forfeiture of Bonus

The retention bonus is an **incentive contingent on meeting the full criteria**. If an employee **fails to meet any of the eligibility conditions** above, or if employment terminates before the required period (for reasons other than conversion to direct employment with the client), **the bonus will be forfeited**. There is no partial or pro-rated payout for partial completion of the retention period – the bonus is “all or nothing” based on the conditions being fully satisfied. For example:

- If an employee resigns or abandons their job before reaching 9 months, no bonus will be paid (the accrued funds remain with the Company).
- If an employee is terminated by the Company for misconduct, performance issues, **excessive attendance infractions**, or any other cause before the payout, no bonus is paid.
- If the employee meets all conditions and is still employed at 9 months (or gets hired by the client earlier), the full accrued bonus amount is paid at that time.

In cases of **client hiring the employee full-time prior to 9 months**, the bonus will be paid out at the time of transfer, provided the employee met the Company's expectations up to that point. Accepting employment with the client in good standing is considered a successful completion of the retention period for bonus purposes. (If the client hire occurs early, the bonus amount will be calculated based on the hours worked up to that date.)

No Carryover: Once forfeited, the bonus cannot be reclaimed. Each employee's eligibility is evaluated only for their first 9-month period or until conversion. An employee who does not earn the bonus (due to not meeting conditions or early termination) will not receive any payout from the accrued fund. However, the Company reserves the right to make exceptions in extraordinary circumstances at its discretion (for example, if an assignment ends early due to no fault of the employee, the Company *may* consider a discretionary partial bonus). Any such exception would be rare and at management's sole discretion. Otherwise, strictly the 9-month tenure or conversion triggers apply.

General Terms and Conditions

- **At-Will Employment:** Participation in this Retention Bonus Program **does not alter the at-will employment relationship**. This program is an incentive plan and **is not a contract or guarantee of continued employment** for any duration. The Company or the employee may end the employment relationship at any time, with or without



cause or notice, notwithstanding the bonus program. Nothing in this program shall be construed to confer any right to continued employment up to the 9-month date or otherwise. (In other words, while we hope the bonus encourages employees to stay on, it is not a promise of job security, and the Company retains the right to terminate employment if necessary, and employees retain the right to resign at any time.)

- **No Assignment & No Vesting Until Due:** The bonus does not accrue to the employee as wages or vested interest until the conditions are fully met at the payout point. Until paid, the funds set aside remain property of the Company. If the bonus is forfeited, the employee has no claim to those funds. The bonus **cannot be transferred or assigned** to any other party. It will be paid only to the eligible employee (or in the event of the employee's death before a earned payout, it may be paid to their estate/heirs, at the Company's discretion).
- **Program Administration:** This program is offered by Foundation Staffing Solutions as a retention incentive. It is intended to be applied **uniformly to all eligible temporary and temp-to-hire employees** in similar roles, without discrimination or favoritism. All interpretations of the program criteria will be made by the Company's Human Resources and management. The Company will track hours worked and any disqualifying events (absences, tardiness, disciplinary actions) to determine eligibility at the payout time. In case of any dispute or ambiguity in these terms, the Company will interpret the meaning and intent of the program in good faith and consistent with its objectives.
- **Modification or Termination of Program:** The Company reserves the right to modify, suspend, or discontinue this Retention Bonus Program at any time for future participants or adjustment of terms, with or without advance notice. (Any such change would not retroactively deprive current participants of already accrued bonus eligibility, but the Company could adjust the program going forward.) Employees will be notified of any significant changes to the bonus program policy in writing.
- **Compliance with Laws:** This program will be administered in compliance with all applicable labor and employment laws. Notably, **legally protected leave** (such as Family and Medical Leave, military leave, disability accommodation leave, etc.) will **not count** as absences affecting bonus eligibility, as stated above, in accordance with law^[8]. The bonus is designed as a **nondiscretionary incentive based on hours worked and tenure**, akin to an attendance or longevity bonus. As such, for non-exempt (hourly) employees, the bonus **will be included in the calculation of the regular rate of pay for any overtime hours** worked during the accrual period, as required by the Fair Labor Standards Act^[9]. The Company will ensure that paying



this bonus does not inadvertently cause any violation of minimum wage or overtime pay requirements. All taxes will be withheld as required by law, and the bonus will be reported as income on the employee's W-2. This program is not intended to violate any state or federal wage laws; if any provision is found non-compliant, the Company will adjust the administration of the bonus to comply with legal requirements.

- **Agreement and Acknowledgment:** Employees eligible for this program may be required to sign an acknowledgment of these terms. By participating, the employee agrees that they understand the conditions of the Retention Bonus Program and that the bonus is **earned only upon satisfying all terms and being employed on the payout date**. This document (and any signed acknowledgment) will serve as the complete understanding of the retention bonus terms, superseding any prior representations. The laws of the state [Applicable State] will govern this program. If any provision is unenforceable under applicable law, the rest of the provisions remain in effect. This program does not create any entitlement beyond the specific bonus described.