

IPS ENTERPRISES, INC.

NEPOTISM IN HIRING POLICY **EMPLOYMENT OF RELATIVES**

A. Policy Objective

IPS Enterprises, Inc. (“IPS”) is committed to a policy of employment and advancement based on qualifications and merit and does not discriminate in favor of or in opposition to the employment of relatives.

Due to potential for perceived or actual conflicts, such as favoritism or personal conflicts from outside the work environment, which can be carried into the daily working relationship, IPS will hire relatives / family members of persons currently employed only if:

- a) candidates for employment will not be working directly for or supervising a family member; and
- b) candidates for employment will not occupy a position in the same line of authority in which a family member can initiate or participate in decisions involving a direct benefit to the family member. Such decisions include hiring, retention, transfer, promotion, wages and leave requests.

This policy applies to all future employees and candidates for employment.

B. Definitions

For purposes of this policy, the term “family member” shall include the following:

- a) Relationships established by blood, marriage, or legal action. Examples include an employee’s:
 - 1. spouse
 - 2. parent
 - 3. child
 - 4. sibling
 - 5. mother-in-law or father-in-law
 - 6. sister-in-law or brother-in-law
 - 7. son-in-law or daughter-in-law
 - 8. stepparent
 - 9. stepchild
 - 10. aunt or uncle
 - 11. nephew or niece
 - 12. grandparent
- b) Domestic partners, meaning a person with whom an employee’s life is interdependent and who shares a common residence, and a child of an employee’s domestic partner even if not legally married.

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C. Employment of Family Members

A goal of IPS is to avoid creating or maintaining circumstances in which the appearance or possibility of favoritism, conflicts, or management disruptions exist.

IPS may allow existing family relationships to be maintained or approve the hiring of a family member of a current employee under the following circumstances:

- a) Prior to the employment offer or other employment action (promotion, salary action, etc.), the immediate supervisor must certify that the candidate for employment or other employment action is not a family member as defined above. Failure to submit the signed statement to Human Assets will delay formal approval of the proposed employment action.
- b) Family members may not work under the supervision of the same manager.
- c) An employee cannot create a supervisory/subordinate relationship with a family member.
- d) An employee cannot conduct performance evaluations of a family member.
- e) An employee cannot participate in or make decisions regarding a family member's employment or terms of employment (promotion, demotion, termination, salary or wages, leave eligibility, etc.).
- f) A family relationship between employees cannot create an actual or perceived conflict of interest or create a disruption or potential disruption of the work environment.
- g) Employment of family members cannot violate any legal requirements related to nepotism under the Texas Government Code and/or IPS' Ethics, Conflict of Interest, and Nepotism Policy (Policy PG-1.7).

Hiring supervisors are responsible for ensuring compliance with this policy. Employees are responsible for immediately reporting to their supervisor any changes to a family relationship covered under this policy.

This policy must be considered when hiring, promoting, or transferring any employee.

If a family relationship addressed under this policy is identified with either candidates for employment or current employees, the matter must immediately be reported to the regional HR representative. The following protocols will apply in such circumstances:

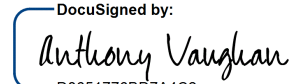
- a) A determination will be made whether the family relationship is subject to any of IPS' nepotism policies.
- b) If the relationship is determined to fall within one or more of IPS' nepotism policies, the Human Resources department, in consultation with the affected employees and the Chief Human Assets Officer or designee, will attempt to resolve the situation through the reassignment of one employee to a new position or identifying some other action (e.g., supervisory reassignment) to correct the conflict or issue identified. If an appropriate resolution cannot be made, IPS reserves the right to terminate the employment of one or both employees in order to ensure compliance with applicable law and policy.

No exception to this policy will be made without the written consent of the Chief Human Assets Officer.

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D. Certification

The Undersigned, being the Secretary of the Corporation, hereby certifies that the foregoing represents a true copy of the Nepotism in Hiring Policy, as originally adopted by the Board on January 21, 2022, and as subsequently amended by the Board on March 25, 2022, which Policy, as amended, is in full force and effect and has not been revoked or amended.

DocuSigned by:

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Anthony Ryan Vaughan, Board Secretary

3/29/2022

Date Certified

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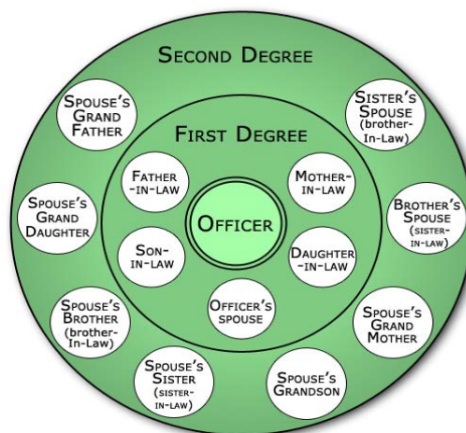
APPENDIX

NEPOTISM CHART

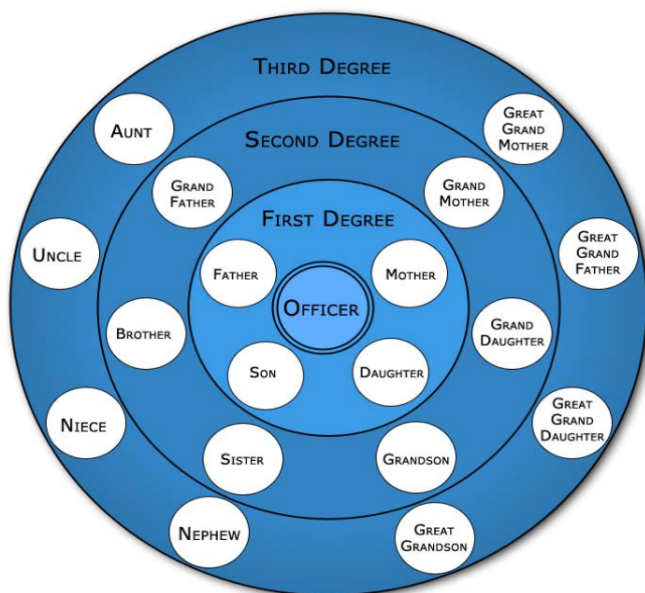
NEPOTISM CHART

The chart below shows

- ☐ **Affinity Kinship** (relationship by marriage)
- ☐ **Consanguinity Kinship** (relationship by blood) for purposes of interpreting nepotism as defined in VTCA Government Code, Chapter 573, §§573.021 - .025



AFFINITY KINSHIP
Relationship by Marriage



CONSANGUINITY KINSHIP
Relationship by Blood