



PAID TIME OFF POLICY

PURPOSE

Hilldrup is committed to providing time off with pay to each of our eligible employees in order to rejuvenate and revive, better manage medical and health matters and to effectively deal with personal or family emergencies that may arise throughout the year.

To that end, Hilldrup has developed a robust Paid Time Off (PTO) Policy to assist our employees with the above, and to reward employees with additional PTO based on continued service to and tenure with Hilldrup.

Eligible employees are responsible for managing their own PTO hours and should exercise good judgment when using PTO to ensure an adequate PTO balance throughout the entire year.

ELIGIBILITY

Employees who are hired and/or who transfer into regular, full-time positions are eligible to receive PTO. Temporary/Seasonal full or part-time employees and contractual employees are not eligible for PTO.

NEW HIRES

New hires' PTO allotments will be pro-rated based on their start dates as outlined in the table below:

| Hire Date Between: | Percentage PTO Allotted: |
|--------------------|--------------------------|
| Jan. 1 – Mar 31 | 100% |
| April 1 – June 30 | 75% |
| July 1 – Sept 30 | 50% |
| On or after Oct 1 | 16 hours |

EMPLOYEE ANNUAL PTO ALLOTMENT AND GRADUATION SCHEDULE

PTO will be provided to employees based on their initial, annual PTO allotment and their tenure with Hilldrup. Below is Hilldrup's PTO Allotment and Graduation Schedule:

| Completed Years of Service | Annual PTO Allotment (hours) | Annual PTO Allotment (days) |
|----------------------------|------------------------------|-----------------------------|
| 0 – 1 years | 120 hours | 15 days |
| 2 – 5 years* | 136 hours | 17 days |
| 6 – 9 years* | 176 hours | 22 days |
| 10+ years* | 216 hours | 27 days |

*An employee's PTO allotment amount will change at the beginning of the year AFTER the employee's anniversary date.

Ex. Jane's hire date is 7/1/16. Jane reaches six years of completed service on 7/1/22. Jane's PTO allotment changes from 17 days to 22 days on 1/1/23.

The tenure of a temporary/seasonal employee who transfers to a regular full-time position will not be taken into consideration for PTO allotment. The date of hire for the regular full-time position will be used to determine the PTO allotment.

PTO ANNUAL ALLOTMENT AND CARRYOVER

An employee's annual PTO allotment will be granted on January 1. Employees must use PTO allotments during the year that the PTO is granted. Employees will not be allowed to carry over a PTO balance into the next calendar year. Any employee PTO balance at the end of the year will be reduced to zero on 12/31 of the year the PTO was granted.

PTO USAGE – INCREMENTS

Daily Usage of PTO

Non-exempt employees will be allowed to use PTO in no less than one (1) hour increments. Exempt employees will be allowed to use PTO in no less than four (4) hour increments.

PTO for Vacation

Employees should expect to take PTO for planned vacations in 40-hour increments or less. Requests for PTO over 40 hours for planned vacations require the approval of the Department Head.

An employee should not make vacation plans prior to PTO approval, as the employee may be in danger of losing vacation deposits, travel reservation costs and/or other costs associated with the vacation. Hilldrup is not responsible for any financial loss experienced by an employee who incurred travel/vacation expenses prior to the employee's vacation PTO being approved.

REQUESTS TO USE PTO

An employee who is requesting to use PTO for planned absences should give her/his direct supervisor as much advance notice as possible with no less than two (2) weeks' notice. PTO requests for planned absences may not be approved if less than two (2) weeks' notice is given.

An employee requesting PTO for planned absences should complete an electronic Hilldrup Leave Request Form and submit the form to her/his direct supervisor for consideration.

Approval/Denial decisions should be made by the employee's supervisor within 24-72 hours of the employee submitting a Leave Request Form. Approval/Denial decisions will be communicated to the requesting employee with any modifications and with a supervisor/department head e-signature on the Leave Request Form.

Employees who do not report to work when a request for PTO has been denied will be subject to disciplinary action, up to and including termination of employment with Hilldrup.

EMERGENCY PTO USAGE (ie., SICK OR PERSONAL LEAVE)

An employee who falls ill or has an emergency and cannot report to work should provide as much advance notice to her/his direct supervisor, preferably no less than two (2) hours of notice. Employees should follow departmental guidelines for informing her/his supervisor of the need to use emergency PTO.

A non-exempt employee who falls ill or has an emergency while at work and needs to leave work may use PTO in one (1) hour increments.

TRACKING PTO

An employee's PTO balance will be included in Hilldrup's Human Resources Information System (currently GreenShades). It is the employee's responsibility to report any PTO discrepancies to her/his supervisor for resolution.

Managers will track their direct reports PTO usage via Hilldrup's Timekeeping System and/or the managers' own departmental tracking method.

FAMILY MEDICAL LEAVE (FML) AND SHORT TERM DISABILITY (STD)

Earned PTO will be used for Family Medical Leave (FML) for approved FML conditions and will run concurrent with FML. PTO will be required to be used for any Short-Term Disability (STD) waiting periods. Employees also will be required to exhaust 100% of her/his available PTO balance to supplement her/his STD benefit in order to achieve 100% of her/his weekly pay.

WORKER'S COMPENSATION

An employee may use earned PTO to supplement her/his worker's comp. benefit for a worker's comp. mandated reduced work schedule in order to get the employee to 100% weekly pay, until her/his PTO balance reaches zero.

PAYOUT UPON TERMINATION OF EMPLOYMENT

Voluntary separation or position elimination

An employee's unused PTO balance will be paid to an employee when an employee voluntarily separates from Hilldrup or the employee's position is eliminated due to business reasons. Payout of PTO due to separation for the above reasons will be pro-rated, based on the table below.

Prior to PTO payout for a voluntary separation or position elimination, the employee must return all company equipment/property, as well as settle any financial obligations to Hilldrup. Failure to return all company equipment/property and to settle any financial obligations to Hilldrup will result in the employee's forfeiture of PTO payout.

| Date of Separation Between: | Percentage PTO Balance Paid out: |
|------------------------------------|---|
| Jan. 1 – Mar 31 | 25% |
| April 1 – June 30 | 50% |
| July 1 – Sept 30 | 75% |
| On or after Oct 1 | 100% |

Involuntary separation for cause

An employee who is terminated for cause (examples of "for cause" include performance issues/concerns and/or policy violations) will not receive a payout for unused PTO.

RE-HIRE/BREAK IN SERVICE

An employee with a break in service of 90 calendar days or more will be considered a “re-hire” for purposes of this policy. As such, the re-hire’s completed years of service would start again at zero.

UNPLANNED TARDIES

PTO will not be allowed for unexcused and unplanned tardies--as a means to supplement an employee’s paid weekly hours, unless Hilldrup deems that an unforeseen circumstance (typically one that impacts a large number of employees) warrants an exception (ex., a car accident causing major delays on normal roadways leading to our offices). However, non-exempt employees may be allowed to make up missed time during the same pay period in order to obtain 80 hours for the pay period with prior approval from their supervisor.

REQUESTS FOR TIME OFF WITHOUT PAY

An employee may not request time off without pay without first exhausting her/his PTO balance. Employees who make requests for time off without pay should familiarize her/himself with Hilldrup’s Attendance and Tardiness Policy—as taking time off without pay for non-medical reasons may result in violations of this policy.

BORROWING AGAINST ANNUAL PTO

During the month of December and in certain dire situations (with Department Head and HR approval), employees who have a zero PTO balance and may have a need for PTO (for a minor, non-FML related illness), may be allowed to borrow up to 16 hours of PTO against the following year’s allotment. Borrowing against a future PTO allotment will not be allowed for vacation and/or personal days.

When employees are approved to borrow against a future PTO allotment, the amount borrowed will be deducted from the future PTO allotment when it is granted.

PTO DONATION

Employees may donate accrued leave in increments of eight (8) hours to employees with FMLA related conditions who have exhausted their annual PTO allotments and are no longer eligible for STD.

PTO WHILE ON LEAVE

Employees who are on an unpaid personal leaves of absence (non-FMLA or STD-related) on January 1 will not receive their annual PTO allotment until they return to work from the leave. The annual PTO allotment for employees who are on leave will be pro-rated based on their return date. Employees who are on approved leave may not borrow against future PTO allotments.

EXCHANGING PTO FOR CASH VALUE

Employees cannot “cashout” or exchange PTO for its cash value.

ELIMINATION OF NON-EXEMPT FLEX TIME

Historically, Hilldrup has granted non-exempt employees four (4) hours of flex time on a quarterly basis. As a result of this more robust PTO policy and additional company paid holidays, non-exempt flex time will be discontinued on December 31, 2020.