



**SUNOVION PHARMACEUTICALS INC.**  
**CORPORATE POLICY**

<b>WORKING TITLE: Leave of Absence Policy</b>		<b>POLICY NO: 2.06</b>	
<b>Supersedes:</b>	<b>Approval: Corporate Policy Review Committee (CPRC)</b>	<b>Date Issued: November 1, 2005 (v1) Amended: August 18, 2010 (v2) December 21, 2012 (v3)</b>	<b>Page 1 of 8</b>

**SECTION 1. PURPOSE:**

The purpose of this Policy is to provide guidance regarding Sunovion Pharmaceuticals Inc. ("Sunovion" or the "Company") employees taking a medical leave of absence for themselves or eligible family members.

**SECTION 2. DEFINITIONS:**

- 2.1 **New Hire Leave:** For those employees who have been with the company for less than 12 months and need to take a leave of absence.
- 2.2 **Sunovion FMLA:** For those employees who meet the FMLA eligibility criteria and need to take a leave of absence.
- 2.3 **Sunovion Extended Medical Leave:** For those employees who exhaust 12 weeks of leave under the Sunovion FMLA and require additional medical leave.
- 2.4 **Parental Leave:** For those employees who require leave for the purposes of giving birth, bonding with a newborn child, or for the placement of adoption, or foster care.

**SECTION 3. APPLICABILITY AND RESPONSIBILITIES:**

- 3.1. This policy applies to all Sunovion employees in the U.S. and Puerto Rico.
- 3.2. **Notification:**
- 3.2.1. Whenever possible, all requests for leaves of absence should be brought to the attention of an employee's manager and the Human Resources Department (or Third Party Administrator, if applicable) at least 30 calendar days in advance. When the need for leave is not foreseeable, the Human Resources Department (or Third Party Administrator, if applicable) should be notified as soon as the employee knows of the potential need for a leave of absence.
- 3.2.2. When taking a leave of absence it is important that the employee keeps his/her manager, as well as the Human Resources Department, aware of when the leave begins and the expected return to work date.

### 3.3. **Manager Responsibilities:**

3.3.1. Employees are not expected to perform work while on an approved leave. Therefore, managers should make every effort to determine appropriate coverage and/or work reassignment in advance of the employee taking leave.

3.3.2. Managers are permitted to contact employees while an employee is on a leave of absence on a limited basis only, if needs of the business require it. However, in some cases an employee may request not to be contacted. Every effort should be made to honor the employee's request.

3.3.3. When the employee returns to work, the manager is responsible for meeting with the employee to help in his/her transition back to work, and to review anything that was missed while out.

3.3.4. If a manager has questions or needs additional information, he/she should contact the Human Resources Department. The Human Resources Department will not provide information regarding an employee's medical condition, and managers should deter employees from discussing such.

### 3.4. **Human Resources Responsibilities:**

3.4.1. When first notified of an employee's need to take a leave of absence, the Human Resources Department will notify the employee's manager via email.

3.4.2. The Human Resources Department, along with the insurance carrier, manages the employee's leave by ensuring compliance with all federal and state laws. In addition, the Human Resources Department acts as a liaison between the employee and the disability insurance carrier (if applicable).

3.4.3. The Human Resources Department will notify the Payroll Department of the start and end dates of all leave of absences. If an employee wishes to use accrued vacation time during an approved, unpaid leave, he/she should notify the Human Resources Department, who will then notify the Payroll Department.

3.4.4. The Human Resource Department will serve as a point of contact for the managers, the employee and the insurance carrier.

## **SECTION 4. GENERAL:**

4.1. An absence for an employee's own medical condition will not be considered a "leave" until the period of absence from work has exceeded five (5) consecutive business days, at which point the employee will be required to apply for a medical leave.

4.2. Sunovion offers the following types of **unpaid** medical leaves of absence:

4.2.1. For the employee's own illness:

4.2.1.1. Sunovion FMLA (including military caregiver leave)

4.2.1.2. New Hire Leave

4.2.1.3. Sunovion Extended Medical Leave

4.2.1.4. Sunovion Parental Leave

4.2.2. For the care and support of an eligible family member:

4.2.2.1. Sunovion FMLA

4.2.2.2. Sunovion Parental Leave

4.3. Whenever possible, requests for all leaves of absence should be brought to the attention of an employee's manager and the Human Resources Department at least 30 calendar days in advance. When the need for the leave is not foreseeable, the request should be brought to the attention of the Human Resources Department as soon as the potential need for a leave of absence is known.

4.4. The leave of absence rights set forth in this policy do not supersede any provision of state or local laws that provides more generous leave rights.

4.5. To the extent that the federal or state law grants greater rights, employees eligible for those laws will be eligible for those rights.

4.6. Employees may also be eligible for **paid** disability benefits for their own illness. Please refer to Section 4.8 for further information on Short-Term and Long-Term Disability.

4.7. **Types of Leave**

4.7.1. **New Hire Leave**

4.7.1.1. Eligibility

4.7.1.1.1. Offered to those employees who have been with the company for less than one year and do not meet the eligibility requirements under Sunovion FMLA.

4.7.1.2. Benefit

4.7.1.2.1. Provides up to 3 months of leave for the employee's own serious medical condition. Medical documentation will be required by employee's treating health care provider to qualify.

4.7.1.2.2. New Hire Leave is based on a rolling calendar year.

4.7.1.2.3. Depending on business needs, reinstatement to employment may not be guaranteed to employees returning from New Hire Leave

4.7.2. **Sunovion FMLA**

4.7.2.1. Eligibility. Employees must meet the following criteria:

4.7.2.1.1. The employee must be employed with Sunovion for at least 12 months.

4.7.2.1.2. The employee must have worked 1,250 hours during the preceding 12-month period.

4.7.2.2. Benefit

4.7.2.2.1. Employees may be eligible for Sunovion FMLA for certain specified reasons. The maximum amount of leave an employee may use is either 12 or 26 weeks within a rolling calendar year depending on the following circumstances:

- The employee's own serious health condition (up to 12 weeks);
- Birth, adoption, or foster placement of a child (up to 12 weeks);
- The care of an eligible family member with a serious health condition (Ex: spouse, child, or parent of the employee) (up to 12 weeks);
- A qualifying exigency related to an eligible family member's active military duty (up to 12 weeks);
- The care of an eligible family member's injury or illness incurred during military service (up to 26 weeks).

4.7.2.2.2. The maximum amount of leave that an employee may take in a 12-month period is 12 weeks, with one exception. For leave to care for a covered service member, the maximum combined leave entitlement is 26 weeks, with leaves for all other reasons constituting no more than 12 of those 26 weeks.

4.7.2.2.3. Sunovion FMLA provides rights similar to those of the federal FMLA, but calls for fewer eligibility requirements.

4.7.2.2.4. Within the "single 12-month period" described above, an eligible employee may take a combined total of 26 weeks of FMLA leave including up to 12 weeks of leave for any other FMLA-qualifying reason (i.e., birth or adoption of a child, serious health condition of the employee or close family member, or a qualifying exigency). For example, during the "single 12-month period" an eligible employee may take up to 16 weeks of FMLA leave to care for a covered service member when combined with up to 10 weeks of FMLA to care for a newborn child.

4.7.2.2.5. FMLA will run concurrently with Sunovion Parental leave as well as benefits under Short-term and/or Long-Term Disability for those eligible employees—see Sections 2.4 and 4.7.

4.7.2.2.6. Depending on business needs, reinstatement to employment may not be guaranteed after 12 weeks of FMLA (or combined total of 26 weeks for the care of a covered service member) have been exhausted.

#### **4.7.3. Sunovion Extended Medical Leave**

##### **4.7.3.1. Eligibility**

4.7.3.1.1. Under certain circumstances, employees who have exhausted 12 weeks under Sunovion FMLA may be eligible for Sunovion Extended Medical Leave.

##### **4.7.3.2. Benefit**

4.7.3.2.1. Once leave under Sunovion FMLA for an employee's own serious medical condition has exhausted, the employee may be eligible for up to 3 months of additional leave under Sunovion Extended Medical Leave for the employee's own serious medical condition. An employee may be eligible for payment during this leave period by applying for either Short-Term or Long-Term Disability.

4.7.3.2.2. Intermittent Leave is not available under this benefit.

4.7.3.2.3. Medical documentation will be required by the employee's health care provider to qualify for the Sunovion Extended Medical Leave.

4.7.3.2.4. The 3 months under Sunovion Extended Medical Leave will be on a rolling calendar basis.

4.7.3.2.5. Depending on business needs, reinstatement to employment may not be guaranteed when the employee is able to return from Sunovion Extended Medical Leave.

#### 4.7.4. **Sunovion Parental Leave** (Maternity, Paternity, Adoption/Foster Care)

##### 4.7.4.1. Eligibility

4.7.4.1.1. Employees with one or more years of service and have worked at least 1250 hours during the preceding 12-month period are eligible for Parental Leave for the purposes of giving birth, bonding with a newborn child, or for the placement of adoption, or foster care.

##### 4.7.4.2. Benefit

4.7.4.2.1. Employees with less than one year of service are not eligible for Parental Leave. Please refer to Section 2.1 for eligibility under the New Hire Leave.

4.7.4.2.2. Employees with more than one year of service may be eligible for up to 3 months of leave under Sunovion FMLA, as well as one additional month for: bonding with a child due to giving birth; the placement of adoption; or the placement of foster care.

4.7.4.2.3. Employees may be eligible for payment through Short-Term and/or Long-Term Disability for their own serious medical condition. Please see Section 4.8 for further details.

4.7.4.2.4. Prior leave taken within a rolling 12-month period under Sunovion FMLA may reduce the eligible benefit for which you qualify under Parental leave.

4.7.4.2.5. A paid paternity benefit up to a maximum number of days is offered to those eligible employees who do not qualify for Short-Term Disability, but require a leave of absence for the birth of a child, adoption or foster placement of a child.

4.7.4.2.6. Parental Leave will run con-currently with other Sunovion Leaves and with State and Federal laws, unless otherwise stated.

#### 4.8. **Types of Benefits**

##### 4.8.1. **Short-Term Disability Benefits**

##### 4.8.1.1. Eligibility

4.8.1.1.1. Regular full-time employees (30-40 hours per week) are eligible on their first day of employment.

4.8.1.1.2. After one year of service, an employee may also be eligible for up to twelve (12) weeks of leave under Sunovion FMLA, which would run concurrently with Short-Term Disability.

##### 4.8.1.2. Benefit

4.8.1.2.1. The leave may be taken for the purpose of the employee's own serious health condition, as defined by the Short-Term Disability carrier, which prevents the employee from performing his/her job.

4.8.1.2.2. Medical certification(s) providing the date in which the condition commenced, the probable duration of the leave, and medical facts relating to the case will be required by the disability carrier. The certification must also state that the employee is unable to perform the functions of the position, or any work.

4.8.1.2.3. The employee must submit the medical certification within fifteen (15) days of the first day of absence to the disability carrier and they will review the claim for approval of Short-Term Disability benefits. If the claim is not approved within fifteen (15) days, pay will be suspended pending approval of the claim.

4.8.1.2.4. Once the leave is approved, an employee may be eligible for continuation of his/her base pay based on scheduled hours, according to the following schedule based on calendar days: 100% of salary from day one (1) through day ninety (90), and then 80% of salary from day 91 through day 180.

4.8.1.2.5. See Short-Term Disability Group Benefit SPD located on the company's intranet site for complete details.

4.8.1.2.6. For work related injuries or illness refer to Section 4.8.3, Worker's Compensation Benefits.

#### **4.8.2. Long-Term Disability Benefits**

##### **4.8.2.1. Eligibility**

4.8.2.1.1. Regular full-time employees (30-40 hours per week) are eligible on their first day of employment.

4.8.2.1.2. Employees are required to fulfill a one hundred eighty (180) day elimination period as described in the Group Long-Term Disability Plan Document, which is located on The Source.

4.8.2.1.3. Pre-existing conditions may apply. Refer to the plan document located on The Source for more details.

##### **4.8.2.2. Benefit**

4.8.2.2.1. Provides income if an employee is unable to work due to illness, medical condition or injury extending beyond the duration of Short-Term Disability benefits.

4.8.2.2.2. Employees are required to provide medical certification to the disability carrier from a certified or registered health care provider when applying for Long-Term Disability benefits. Failure to do so may delay, suspend, or terminate his/her benefits.

4.8.2.2.3. See the Group Long-Term Disability Insurance Plan Document located on The Source for complete details.

#### **4.8.3. Worker's Compensation Benefits**

#### 4.8.3.1. Eligibility

4.8.3.1.1. Regular full-time employees (30-40 hours per week), regular part-time employees (more than 20-29 hours per week), part-time employees (less than 20 hours per week) and trainees are eligible on their first day of employment.

4.8.3.1.2. Acceptable medical certification from a certified health care provider will be required by the workers compensation carrier.

#### 4.8.3.2. Benefit

4.8.3.2.1. All work-related illnesses/injuries will be subject to the requirements set forth by the relevant state's Worker's Compensation Act and any other applicable law.

4.8.3.2.2. The Worker's Compensation carrier will evaluate each work-related illness or injury and determine its approval or denial.

4.8.3.2.3. If approved, pursuant to applicable law, an employee may receive a percentage of his/her average weekly wage, up to a determined statewide weekly wage, which will be payable by the Worker's Compensation carrier.

4.8.3.2.4. If approved, pursuant to applicable law, the Worker's Compensation carrier may also pay eligible medical expenses.

#### 4.9. **Merit and Bonus**

4.9.1. Employees on an approved leave of absence will be eligible to receive a performance evaluation. Those employees whose approved leave extends beyond the cumulative twelve (12) weeks during a twelve (12) month period, will receive a pro-rated merit increase and bonus. Any leave time past the 12 weeks will be counted towards the proration (e.g., 16 week leave will receive 4 weeks merit and bonus proration).

### **SECTION 5. OTHER MATTERS:**

#### 5.1 Amendment

Management reserves the right to amend this policy as appropriate at any time without prior notice, pursuant to Sunovion Corporate Policy 1.0, "**Corporate Policy Review Committee**".

#### 5.2 Failure to Comply

**EMPLOYEES WHO VIOLATE ANY SUNOVION POLICIES AND PROCEDURES WILL BE SUBJECT TO DISCIPLINARY ACTION, UP TO AND INCLUDING TERMINATION OF EMPLOYMENT.**

#### 5.3 Reporting Concerns

Reports concerning wrongful behavior, violations or suspected violations of this or any other policy, the Code of Conduct and Ethics, law or regulation may be submitted on a confidential basis or may be submitted anonymously through Sunovion's Compliance Hotline as set forth below. Reports of violations or suspected violations of alleged misconduct or wrongful

behavior will be maintained as confidential as practicable under the circumstances, and as necessary to conduct a full and fair investigation.

Reporting Hotline Options:

- (a) Toll free telephone number. 866-886-1348
- (b) Via the internet at: [www.ethicspoint.com](http://www.ethicspoint.com)

#### 5.4 Cross-References

FMLA Employee Rights Notice (located on The Source)

Short-Term Disability Summary Plan Description (located on The Source)

Long-Term Disability Summary Plan Description (located on The Source)

How to File a Short-Term Disability Claim (located on The Source)