

ANNUAL LEAVE AND PAID TIME OFF POLICY

Polar Dynamics Robotics, Inc.

Effective Date: January 1, 2024

Policy Number: HR-2024-001

1. PURPOSE AND SCOPE

- 1. This Annual Leave and Paid Time Off ("PTO") Policy ("Policy") establishes the terms and conditions governing paid time off benefits for all full-time employees of Polar Dynamics Robotics, Inc. (the "Company").
- 2. This Policy applies to all full-time employees who have completed their initial 90-day probationary period, excluding temporary workers, contractors, and part-time employees working fewer than 30 hours per week.

2. DEFINITIONS

- 1. "PTO" means paid time off that combines vacation, personal days, and sick leave into a single bank of days.
- 2. "Anniversary Date" means the employee's original date of hire with the Company.
- 3. "Full-Time Employee" means an employee regularly scheduled to work 30 or more hours per week.

3. PTO ACCRUAL SCHEDULE

- 1. PTO shall accrue according to the following schedule:

Years of Service	Annual PTO Days	Monthly Accrual Rate
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0-2 years	15 days	1.25 days
3-5 years	20 days	1.67 days
6+ years	25 days	2.08 days

- 2. Engineering and R&D personnel assigned to cold environment testing facilities shall receive an additional 5 PTO days annually.

3. Maximum PTO accrual cap is 1.5 times the annual allocation. No additional PTO will accrue beyond this cap until used.

4. REQUESTING AND USING PTO

1. PTO requests must be submitted through the Company's HR management system with the following minimum notice:

- 1-2 days off: 1 week notice
- 3-5 days off: 2 weeks notice
- 5+ days off: 30 days notice

2. Critical personnel supporting AMR deployment projects must coordinate PTO with their Project Manager to ensure continuous operational coverage.

3. PTO during the following periods requires Director-level approval:

- Major product launches
- Customer implementation phases
- Annual inventory periods
- December 15 - January 15

5. CARRYOVER AND CASH OUT

1. Employees may carry over up to 5 unused PTO days into the following calendar year.

2. Carried over PTO must be used within Q1 of the following year or will be forfeited.

3. The Company may, at its discretion, offer PTO cash-out options during designated periods, subject to:

- Minimum 5 days PTO balance maintained
- Maximum 10 days eligible for cash-out annually
- Cash-out value calculated at base salary rate

6. SEPARATION AND TRANSITIONS

1. Upon voluntary separation with proper notice, accrued unused PTO will be paid out at 100% of base salary rate.

2. Employees terminated for cause forfeit all unused PTO.
3. Employees transitioning between full-time and part-time status will have PTO prorated accordingly.

7. HOLIDAYS AND SPECIAL LEAVE

1. This Policy operates independently of the Company's designated paid holidays.
2. The following leaves are handled separately from PTO:
 - Bereavement Leave
 - Jury Duty
 - Military Leave
 - FMLA Leave
 - Workers' Compensation Leave

8. ADMINISTRATION AND COMPLIANCE

1. The Human Resources Department administers this Policy in compliance with applicable federal, state, and local laws.
2. The Company reserves the right to modify this Policy at any time with appropriate notice to employees.
3. Abuse of this Policy may result in disciplinary action up to and including termination.

9. EXCEPTIONS AND SPECIAL CIRCUMSTANCES

1. Exceptions to this Policy require written approval from both the Department Head and Human Resources Director.
2. Special circumstances affecting R&D testing schedules or customer deployments may necessitate temporary modifications to PTO request procedures.

APPROVAL AND REVISION HISTORY

Originally Adopted: March 15, 2018

Last Revised: January 1, 2024

Next Review: January 1, 2025

Approved by:

/s/ Sarah Nordstrom

Chief Operating Officer

Polar Dynamics Robotics, Inc.

/s/ Katherine Wells

Chief Financial Officer

Polar Dynamics Robotics, Inc.