

| EAST PENN MANUFACTURING CO., INC. | | | |
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| EAST PENN POLICIES AND PROCEDURES MANUAL | | | |
| Revision No.: | Effective Date: | Page 1 of 4 | Change # |
| Approved By: Robert D. Harrop | | Document No.: EPPM\PERSONAL\NAVITAS | |

Paid Time Off (PTO) Policy

Scope

Paid time off (PTO) is a benefit available to all full-time employees and as such, must be regulated and reconciled in accordance with the PTO policy in the employee handbook. Employees are encouraged to take their available time off for relaxation and promote good physical and mental health. The scope of this policy is to ensure proper reporting measures are taken and audited and to keep the PTO records accurately in accordance with company policy. Effective in 2021, the new PTO year will be in line with East Penn's fiscal year which is defined from June 1 to May 31 and the year will be designated as such. Any unused PTO as of May 31, 2021 will be forfeited besides what is required by law. In the State of Michigan, employees are eligible to carry up to 40 hours per year of unused Paid Medical Leave (PML).

Objective

The objective of this policy is to provide clear direction for requesting, monitoring, auditing, and reconciling available PTO. Employees are eligible for PTO as indicated below

A. PTO ELIGIBILITY

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|---|----------------------------|
| Regular Full-time Employees are eligible for the following PTO allotments: | |
| Non-Exempt Employees | Exempt Employees |
| 1st Year & 2nd Year: 40 hours Immediate, 40 hours after 6 months (80 total hours) | 1st & 2nd Year – 120 Hours |
| | |
| Year 3-5 104 hours | Year 3-10- 160 Hours |
| Year 5-10- 160 Hours | Year 11-15 176 Hours |
| Year 11-15- 176 Hours | Year 15 += 200 Hours |
| Year 15+= 200 Hours | |

* 40 hours of PTO must be used for plant shutdown *

The PTO year will be in effect from June 1 until May 31. Employees starting midway through the year are eligible for $\frac{1}{12} \times$ the number of full months left in the year. Example: An Hourly Employee starts on September 15; They are eligible for 80 hours during the first year of service which equates to 6.66 hours per month. The employee would be eligible for 6.66 hours x 8 months (September to May) so 53.3 hours.

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General Procedure

All PTO is to be requested in Kronos at least 24 hours in advance whenever possible.

1. The employee must go into the Kronos system and request time off.
2. The employee's supervisor must approve or deny the time off in Kronos within 96 hours of the request being submitted or give feedback to the Employee for the delay.
3. Once the PTO is approved, the employee is authorized to take the time off.
4. If the employee does not take the time off, it is the supervisor's responsibility to delete the request from Kronos.
5. If an employee takes PTO for an unscheduled event (such as sickness), the supervisor is required to enter the time off into Kronos within 24 hours of the event.
6. ADP is the system of record for PTO and the balance on your paystub is what is reflected in the system.
7. Any discrepancies to the PTO on the employee's pay stub should be brought to the attention of Personnel within 2 weeks of the pay date in which it was inaccurate. Failure to notify Personnel will result in denial of correction.
8. The total number of hours an employee is eligible for will be added to bucket each year.
9. If an employee leaves the company prior to a full year of service, any PTO taken the employee has not earned will be deducted from his/her last check ensuring we still meet the minimum wage requirement. Example: An Hourly Employee starts on June 1. As of June 1, PTO time will be entered into ADP/Kronos as 40 hours (the second 40 hours would be entered on the first day of month 7). Employee takes 24 hours in July. The employee leaves on August 1. The employee has worked 3 full months, so the employee was eligible for 3×6.66 hours (19.98 hours). The extra 4.02 hours will be deducted from the employees' last paycheck if minimum wage for the hours worked is still met. Should the final paycheck be inadequate to cover the hours, the employee will be asked to repay any shortfall or subject to a collection action.
10. After year one, the assigned PTO will be based on the full year of service and there will be no carve out.
11. The number of employees off per department is based on discretion of the supervisor and shall be determined by the number employees needed to meet customer demand.
12. Employees who are required or selected to work during plant shutdown, are eligible to use their shutdown PTO days after shutdown with the appropriate prior notice.
13. Eligible employees out of work on FMLA, non-work-related disability or worker's compensation will be required to use 5 PTO days.

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14. Employees on leave due to military, disability, FMLA or worker's compensation are NOT eligible for PTO time if they do not work any hours in a year (June 1-May 31).
15. PTO is given to the employees to have time off from work. The Company would like for you to take advantage of these days. PTO Days, which are available as of June 1, must be taken by May 31st of the following year. If PTO Days are not used within time frame specified in this policy, they will be lost without payment or time off; with exception to state laws that indicate otherwise.(This does not apply to unused paid medical leave act days; For the PML policy, see below)
16. An eligible employee who is permanently separated from the Company will be paid for any unused, earned, PTO
17. In the case of the death of an employee, the employee's estate is eligible to receive any unused PTO pay

Paid Medical Leave- State of Michigan only

The State of Michigan requires employers to provide non-exempt employees with 40 hours of Paid Medical Leave (PML). The employee will earn 1 hours of PTO for each 35 hours worked up to 40 PML hours in one year. The required PML in the State of Michigan is included in the Paid Time Off (PTO) policy listed above and as such, employees will be required to use PTO days for PML.

USE OF Paid Time Off (PTO) FOR MEDICAL LEAVE

Regular full-time, part-time and temporary employees will qualify for one hour of PTO as paid medical leave for every 35 hours worked up to 40 hours.

Employees can use as much of their PTO for paid medical leave (at least 40 hours) during the PTO Year. If an employee has used his/her PTO leave for purposes other than paid medical leave, and the need for medical leave subsequently arises when no additional PTO is available, the Company will not provide any additional PTO leave. Medical leave hours are compensated at the employee's regular rate of pay. Employees also must have been employed for at least 90 days with the Company before they may begin using their PTO for paid medical leave.

Employees may use paid medical leave for the following reasons: (1) care, diagnosis or treatment of the employee or family member's physical or mental illness, injury or medical condition; (2) preventative medical care for the employee or a family member; (3) absences due to certain public health emergencies; and (4) to address various effects of domestic violence or sexual assault if the employee or a family member is a victim on the child.

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“Family member” includes the employee’s child, spouse, parent, parents of a spouse or domestic partner grandparent, grandchild, and sibling.

Employees must comply with the Company’s standard notice and documentation requirements used for requesting other types of leave.

Employees must follow the Company’s notice and documentation requirements when requesting medical leave under this policy.

PTO can be used in increments of one (1) hour or more for medical leave.

Discrimination or retaliation for the lawful use of paid medical leave and exercise of other rights under the Michigan PMLA and all applicable regulations is prohibited.

Approval Process

It is the supervisor’s responsibility to ensure all PTO taken or not taken is accurate and up to date in the system. Any discrepancies should be sent to Personnel immediately.

Record of Revisions

| Revision # | Revision Date | Description |
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