RITALKA, INC.

Paid Time Off (PTO) Policy

Scope: RITALKA, INC. recognizes that employees have diverse needs for time off from work. To meet those needs, RITALKA, INC. has established this Paid Time Off (PTO) Policy. PTO combines all paid time off, including Minnesota Earned Sick and Safe Time, not otherwise covered by leave policies, into one PTO bank which is available to employees working 80 hours or more per year. The benefit of PTO is that it allows flexibility to cover personal/work balance. One of the primary reasons PTO is provided by the company is to allow employees a block of time away from the pressure and stress of work. As such, employees are urged to take at least one week of PTO in a single block. When coupled with weekends, or holidays, this block of PTO can provide the needed energy boost to one's life.

This PTO Policy is intended to cover, and exceed, leave required under Minnesota's Earned Sick and Safe Time. It is the employee's responsibility to manage their PTO and to ensure adequate earned accruals are available to cover Sick and Safe Time leave as needs arise.

Details: All employees working 80 hours or more per year are eligible for PTO benefits immediately. PTO is based on employee annual salary for exempt employees. Nonexempt employees are paid their base pay per hour; PTO hours will not be included in the calculation of overtime pay, regardless if the PTO hours extend the total hours reported for the week over forty hours.

PTO benefits accrue per pay period. Employees will accrue PTO based on hours worked (this includes regular hours and overtime hours but does not include holiday and PTO hours used). Exempt employees are deemed to work 40 hours in each workweek for purposes of accruing PTO. PTO may be taken up to the amount of the accrued benefit **and may be taken in fifteen-minute increments.**

	PTO earned per hours worked	PTO Earned per pay period	Service Tenure	PTO Hours per Tenure**
Exempt	0.0330	2.66 hrs	0 – 6 months	34.58 hours/6 months
Exempt		5.03 hrs	6 months – 1 year	65.39 hours/6 months
Exempt		3.85 hrs	2nd Year	100 hours/year
Exempt		4.62 hrs	3rd & 4th year	120 hours/year
Exempt		5.38 hrs	5th thru 9th year	140 hours/year
Exempt		6.15 hrs	10th thru 14th year	160 hours/year
Exempt		6.92 hrs	15th year & thereafter	180 hours/year

Nonexempt	0.0330	2.64 hrs*	1st year	Until 60 hours accrued
Nonexempt	0.0400	3.20 hrs*	2nd year	Until 80 hours accrued
Nonexempt	0.0510	4.08 hrs*	3rd year	Until 100 hours accrued
Nonexempt	0.0613	4.90 hrs*	4th year	Until 120 hours accrued
Nonexempt	0.0722	5.78 hrs*	5th thru 9th year	Until 140 hours accrued
Nonexempt	0.0834	6.67 hrs*	10th thru 14th year	Until 160 hours accrued
Nonexempt	0.0950	7.60 hrs*	15th year & thereafter	Until 180 hours accrued

*Assuming 40 hours worked per week. Accrual may be more or less based on actual hours worked.
**After max hours accrued as indicated, no additional hours accrued until 1st anniversary.
Definitions: Exempt – not eligible for overtime Nonexempt – eligible for overtime

The above matrix applies to employees who are regularly scheduled to work 40 hours or more per week. Employees who are regularly scheduled to work less than 40 hours per week, but at least 80 hours per year, will continue to earn 0.033 hours per hour worked up to the max PTO Hours per Tenure.

PTO hours will continue to accrue until the "PTO Hours per Tenure" maximum is earned. This maximum may be achieved several weeks before the end of a year. Once this maximum is earned, PTO hours will stop accruing until the next anniversary year starts. It is the employee's responsibility to plan for time off adequately. See the provided "PTO Policy Accrual Examples" for assistance.

Accrued but unused PTO will carry over into the following year. Total accumulated PTO cannot exceed the maximum of 200 hours (25 days). PTO does not accrue when the maximum is reached.

For scheduling purposes, a 14-day notice is expected for all time off requests when leave is foreseeable. If leave is unforeseeable, notice must be provided as soon as practicable. Notice is considered to have been given if the employee: (1) verbally notifies their direct Supervisor or Manager in person, over the phone directly or by way of voicemail; (2) notifies their direct Supervisor or Manager in writing by way of a paper note, email, or text message; (3) submits a time off request via the RITALKA, INC. utilized Human Resource Information System (HRIS). Exceptions to this notice may be provided at management discretion and reasonable requests will not be withheld (including, but not limited to, funeral leave and leave under Minnesota Earned Sick and Safe Time). Management has the ability to deny PTO request in cases where work deliverables are at risk, there are no other employees to provide backup during the employee's absence, etc…unless doing so would violate local, state, or federal law.

PTO and Mandatory Overtime

If mandatory overtime is in place, PTO will be required to cover the overtime missed if less than 14 days' notice is given.

- Example: Employee notified Supervisor of time off 5 days prior to day off and department is on 9 hour days (8 hour days with 1 hour OT required). Employee must take 9 hours of PTO. Had the employee made the request 14 days' prior, the employee would have only been required to take 8 hours of PTO.

If short notice mandatory overtime is required due to a missed deadline, PTO will be required to cover the overtime missed. This requirement can be avoided if employee provides 14 days' notice of an inability to put in overtime on a specific day.

- Example: Department missed deadline in scheduled 8-hour day so short notice mandatory overtime of 2 hours is required to meet that day's deadline. An employee has to leave at their regularly scheduled time due to prior obligation. Two hours of PTO will be required. Had the employee provided notice that they would not be able to work overtime that day 14 days ahead of that day, the employee would not be required to use 2 hours of PTO.
- Management discretion will be used to determine which departments/teams will be subject to short notice mandatory overtime.

PTO and Holiday

If an official holiday recognized by RITALKA, INC. falls during an employee's PTO, that holiday will not count as a PTO day. Unearned PTO may only be taken if authorized by management. If employees receive a promotion entitling a greater PTO benefit, employees are eligible to accrue PTO time at the

increased PTO benefits immediately upon promotion. If employees are demoted, PTO time will accrue at the decreased PTO benefit immediately upon demotion. Prior hours earned will not be negated.

PTO and Workers' Compensation

If an employee is receiving worker's compensation, leave and pay, employee shall not be eligible to take PTO.

PTO and Terminations

Unless it is prohibited by local, state, or federal law, following notice of a voluntary termination, no PTO requests will be approved and prior approved PTO may be canceled. The reason for this to ensure proper knowledge transfer prior to employee's departure.

Terminated employees, either voluntary or involuntary, will be paid for any unused PTO, **up to the maximum of 200 hours**, per the cash out schedule below:

Yrs of Service	Cash Out
0 – 6 mths	0%
6 mths – 2 yrs	20%
2 – 5 yrs	40%
5 – 10 yrs	60%
10+ yrs	80%
Retirement at 62+ yrs	100%

Upon the termination of employment, any unearned PTO that has been taken, but not earned, will be deducted from payroll.

Rehires

Any employee whose employment is termianted and they are rehired within 180 days of separation, previously accrued, unused, and unpaid PTO will be reinstated. Any employee who is rehired within the same tenure year will resume accruing where the employee left off. If the employee hit the max PTO hours per tenure, they will not begin accruing again until the next year begins.

By signing below, I confirm that I have read and understand all provisos and conditions outlined in this Paid Time Off Policy and I authorize the deduction of unearned PTO hours from payroll as applicable.

Employee Signature: /s/_____ **Date:** _____

Employee Name: _____

Examples of PTO accruals are provided in the document titled "**PTO Policy Accrual Examples**" which can be found on the RITALKA, INC. intranet or by asking Human Resources.

RITALKA, INC.

Date	Revision	What was changed	Approval
4/5/2013	A	Initial Release-tracking started	Robyn Leese HR
11/15/2013	B	RITALKA, Inc.	Bonnie Hanson HR
12/15/2014	C	Increase vacation accruals 10 – 15, and 15+ years	Robyn Leese HR
9/28/2015	D	Employee authorizes deduction & change to PTO	Bonnie Hanson HR
10/20/15	E	Reworded Service Years	Bonnie Hanson HR
12/28/2016	F	Removed transition period verbiage	Robyn Leese HR
5/16/2019	G	Add signature line, resignation verbiage	Robyn Leese HR
10/30/2019	H	Updated resignation verbiage	Robyn Leese HR
10/28/2021	I	Define reasonable notice for requesting time off	Kayla Ruikkie HR
1/1/2024	J	Edit to accommodate MN Earned Sick and Safe Time Law	Kayla Ruikkie HR
1/1/2024	K	Amended Nonexempt PTO Accruals	Kayla Ruikkie HR
2/15/2024	L	Added definitions of Exempt and Nonexempt	Kayla Ruikkie HR
7/15/2024	M	Changed increments of time off from 1 hour to 15 minutes	Kayla Ruikkie HR
12/16/2024	N	Defined how rehires within a tenure year will be handled	Kayla Ruikkie HR
1/7/2025	O	Changed time off request notices from 7 days to 14 days and	Robyn Leese HR
1/30/2025	P	Adjusted accruals for nonexempt and included information about mandatory overtime and use of PTO	Robyn Leese HR
2/2/2025	Q	Adjust accruals for nonexempt	Kayla Ruikkie HR