

Tuition Reimbursement Policy

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I. Purpose

KNAPP believes in the growth and development of our employees by encouraging employees to pursue education relation to their position and career with our company through tuition reimbursement. The purpose of this policy is to define and establish guidelines under which employees may receive tuition reimbursement. This benefit is intended to encourage professionalism and assist employees in increasing effectiveness in their current position, preparing employee for possible advancement, and/or increasing an employee's adaptability to new ideas and change. Therefore, participation in approved external educational programs that are mutually beneficial to both the Company and the employee will be given consideration for financial assistance as defined in this policy. Such assistance will be contingent on favorable business conditions that provide sufficient budget resources.

II. Employee Eligibility

Regular full-time KUS employees are eligible to participate in tuition reimbursement. This benefit is not available to part-time employees, contractors, or non-KUS employees. Further eligibility requirements include:

- Employees must have been in their current position for a minimum of **six (6) months** prior to requesting tuition reimbursement
- Employees are not eligible if on a leave of absence of any kind.
- Employees must be satisfactorily meeting the requirements of their position. Ongoing participation in the tuition reimbursement program is contingent on continued satisfactory job performance.
- Employee must not have any type of Performance Improvement Plan notices within the **six (6) months**.
- Employees must be an active employee with the company at both the start and completion of the course(s), including the time of reimbursement payment.

III. Education Eligibility

For the education to be eligible under this program, it must meet the following:

- Eligible Degrees under this program include a Bachelor's Degree or a Master's Degree.
- Professional Certifications (e.g., PMP) may be taken into consideration, but are not guaranteed for approval under this program. If approved, the Professional Certification is the same reimbursement maximum as a Bachelor's Degree and cannot be taken with other Degrees. Certificates (non-degrees) are not the same as Professional Certifications and are not eligible under this program.
- The degree must be from a regionally or nationally accredited higher education institute in North America. This is due to tax purposes. Employees can check their schools to validate accreditation at the following website: **USA:** [Click here](#); **CAN:** [Click here](#)
- The degree must have a reasonable relationship to the business or be directly related to the employee's current field of work, meaning it is deemed beneficial to both the employee and the Company
- The successful completion of courses will realistically enhance the employee's knowledge and/or performance of their job and approved by their direct Supervisor and Human Resources.
- Employees are expected to work their full normal work schedule. The degree cannot conflict with the employee's work hours unless the employee receives written approval from their direct Supervisor. Special consideration may be given for final exams or professional certification tests.

IV. Reimbursement Maximum & Requirements

Reimbursement Maximum

The annual maximum reimbursement for approved eligible degrees as follows:

- **Bachelor's Degree:** Up-to \$3,000 per calendar year
- **Master's Degree:** Up-to \$5,250 per calendar year

Eligible expenses will be reimbursed at 100% after any grant, scholarship, and/or financial aid, up-to the annual maximum. The tuition reimbursement maximum cannot exceed \$5,250 in a calendar year.

Reimbursement Requirements

Approved reimbursement is determined based on the following requirements:

- Reimbursement is limited to actual tuition expenses paid, such as, tuition, lab fees, and required text books (printed or electronic format).
- Acceptable grades shall be a **"C" or better (or equivalent "Pass" for Pass/Fail course)**. Any grade below the equivalent of a "C" will not be eligible for reimbursement.
- Reimbursement requests must be submitted no later than **thirty (30) days** from the course end date indicated on the transcript. Reimbursement requests submitted more than thirty-days from the course end date are not eligible for reimbursement.

Ineligible expenses include, but not limited to:

- Any tuition expenses paid by state or federal education grants, scholarships and/or financial aid.
- Supplies related to a course may be reimbursable if it is documented as a required part of the course and stated in the course syllabus. Any other items that are needed, but not specifically required to take the course will not be eligible for reimburse, such as, computer hardware, software, calculators, parking fees, late fees, travel, meals, or other optional expenses.
- Any expenses related to completed courses with a grade below the equivalent of a "C", including any courses the employee drops or withdraws.
- Preparation courses and fees related to exams that are required to attend graduate school, including GMAT, GRE or LSAT.
- Fees charged in-lieu of a course, including college credit granted for Company-sponsored training (in-house and outside training), college credit granted for work or life experience, or CLEP, DSST, PLA, and any other Lifelong Learning credit.
- Recreation or leisure time courses, such as, golf, sewing, dancing, etc. are not covered.
- Any course or programs outside of North America.
- Dale Carnegie or other similar professional learnings are not covered under this program. If your direct supervisor recommends one of these programs as a Company-sponsored development action, it may be eligible for reimbursement as a business expense.
- Fees or dues associated with maintaining or renewing a professional certification or license, such as, CEUs/PDUs (continuing education credits) are not reimbursable through this program.

Any intentional tempering or falsification of submitted tuition reimbursement documentation from the Employee will result in disciplinary action up-to and including separation of employment.

V. Degree Request Process

Degree Request Process

In order for a Tuition Reimbursement Degree Request to be considered, the Employee must follow the process:

- All Degree Requests must be submitted online here: <https://forms.office.com/e/7GR7FXMyAZ>
- Prior to beginning a Degree Program, an Employee must obtain approval from their direct Supervisor. It is recommended the Employee receive a verbal approval from their direct Supervisor and the request is submitted a minimum of **30-days prior to the start of the course**.
- The Degree Request must include the degree, major, and school, including a copy of the Degree Program description.
- Tuition Reimbursement requests made outside the designated system will not be accepted, such as, a printed version of the current form or a submission an outdated tuition reimbursement form.

Additional Considerations

The following provisions can also apply:

- Approval for Degree Request is contingent upon the Company and/or Department budget constraints
- In some cases, approval may be required from the Board Member of the employee's Department.
- If one or more years have passed from the time of the most recent course, the employee must follow and re-start the process to submit an updated Degree Request.
- If the approved Degree Program has changed, the employee must re-start the process to submit a new Degree Request, even if the accredited higher education institute is the same.
- Changes to the Tuition Reimbursement Policy may require the employee to submit an updated Degree Request.
- It is the responsibility of the employee to ensure their job is the primary importance and it does not suffer as a result of educational pursuits.

Degree Request Review

Upon submission of the Degree Request, it will be reviewed by Human Resources (HR) within **seven (7) business days**. HR will determine if the employee qualifies for the program, including obtaining electronic signatures from the Employee's direct Supervisor, and the Department's Board Member, if applicable. It is recommended the Employee obtains their direct Supervisor's verbal approval prior submitting the Degree Request. HR will notify the Employee via company email of the Company's decision for approval or denial.

An Employee that starts a course prior to the Company's approval are doing it at their own risk. It is the responsibility of the Employee to ensure the Degree Request submission is timely and meets the minimum requirements of the Tuition Reimbursement Policy, including responding to requests from HR. In addition, the Company is not responsible for reminding or following-up with the Employee for submission requirements.

Degree Request Workflow



VI. Tuition Reimbursement Course Submission Process

Course Submission Process

Once the Degree Program has been approved, the Employee will submit subsequent Course Submission requests for tuition reimbursement for completed courses each Term/Semester.

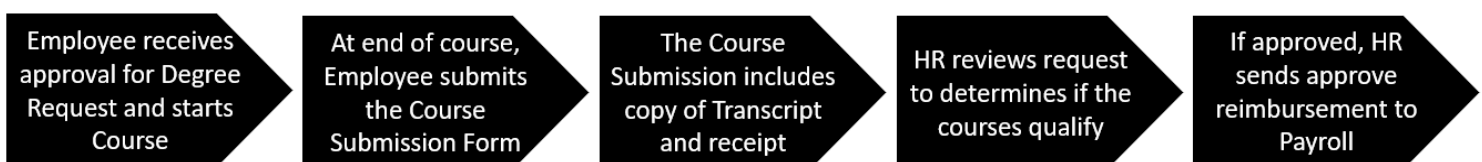
- All Course Submissions must be submitted online here: <https://forms.office.com/e/VxXJP2sd5x>
- The Employee can submit **up-to two (2) courses per semester**. Any additional courses within the same semester will not be eligible for reimbursement.
- A copy of the Grades must be uploaded on the Course Submission (e.g., Transcript). The document must show your full name, school name, course name(s), grade(s), and semester/term dates.
- A copy of the paid tuition statement must be uploaded on the Course Submission. This must be an itemized receipt that includes the breakdown of tuition and fees, including any non-repayable financial aid or scholarship that the employee received.
- All Course Submissions must be submitted, with all the required documentation, no later than **thirty (30) days** from the course end date indicated on the transcript. Course Submissions submitted beyond the thirty-day period from the end date indicated are not eligible for reimbursement.
- Employees must be actively employed and meeting satisfactory performance with KUS, including at the time of reimbursement payment. Employees on any type of leave of absence during the timeframe of the course(s) will not receive tuition reimbursement.
- Course Submissions will not be accepted without a prior Degree Request approval, including Course Submissions submitted at the same time as a Degree Request.
- Tuition Reimbursement requests made outside the designated system will not be accepted, such as, a submission of the outdated tuition reimbursement forms.

Course Submission Review

Upon submission of the Course Submission, it will be reviewed by HR within **seven (7) business days**. HR will determine if the courses qualify for tuition reimbursement. HR will notify the employee via company email if the courses are approved, denied or additional clarification is needed. It is the responsibility of the Employee to ensure the Course Submission follows the requirements, including providing the appropriate documentation. The Company is not responsible for reminding or following-up with the Employee for submission requirements. If the documentation provided is not sufficient, the Course Submission will be denied for tuition reimbursement.

If the Course Submission is approved, the approved eligible tuition expenses will be sent to Payroll for processing on the following regular pay date. For further details, please review the **Taxability & Calendar Year Deadline** section within this policy.

Course Submission Workflow



VII. Transfers, Employment Separation & Repayment

Transfers

Employees transferring from another subsidiary will be eligible for tuition reimbursement after a minimum of **six (6) months**.

In the event a KUS employee transfers to another subsidiary within KNAPP outside North America, eligibility of tuition reimbursement will cease on the date of the transfer. KUS cannot cover the cost due to tax regulations in North America. Therefore, you would need to have conversations with the new subsidiary about covering the cost.

Employment Separation & Repayment

Eligibility of tuition reimbursement will cease upon the Employee's separation date and any unsubmitted courses will not be accepted. In addition, the repayment of company paid tuition reimbursement will commence.

The Tuition Reimbursement Policy for repayment is aligned with the Company Incurred Expenses provision that requires an Employee to repay amounts received for tuition reimbursement expenses in the event the Employee separates employment from the Company. By requesting tuition reimbursement, the Employee is acknowledging the repayment agreement, and the Employee agrees to repay the tuition reimbursement received under this program based on the following schedule of any tuition expenses within the prior 24-months (2-years), should the Employee separate from the Company:

Time Elapsed <i>The amount of time between the date(s) of the tuition reimbursement and the employee's separation date.</i>	Percentage of Repayment <i>Applicable to the amount of tuition reimbursement received during the 24-months prior to the employee's separation date.</i>
6 months or less	100 percent
At least 6 months, but less than 12 months	75 percent
At least 12 months, but less than 18 months	50 percent
At least 18 months, but less than 24 months	25 percent

Under this provision, the Employee authorizes the Company to deduct from their final paycheck (e.g., earnings, bonuses, commissions, paid time off, etc.), including other expense reimbursements, to the extent permitted by applicable law, monies up-to the amount due to the Company for any tuition reimbursement paid within the above timeframes. For any monies the Company is unable to deduct from the Employee's paycheck, the Employee agrees to reimburse the Company as per the repayment schedule, including any costs or fees associated with collecting such amounts including all reasonable attorney fees.

Repayment of expenses will not be required if the discontinuance of the Employee's employment is the result of Employee's death, prolonged illness, or similar circumstances beyond the control of Employee, as determined by the Company in its sole discretion.

VIII. Taxability & Calendar Year Deadline

Taxability

Generally, employees who meet the requirements of tuition reimbursement will be exempt from taxes. However, the taxability of educational benefits is determined by the state, federal, and local governments and is subject to change. Employees receiving tuition reimbursement should be aware that these payments may become taxable at some future date as tax laws change and that the employee is responsible for any tax obligations this may create. The Company assumes no liability and recommends that employees consult with a tax professional for personal tax decisions.

Taxable and non-taxable reimbursements made under Tuition Reimbursement will be processed through Payroll as specified below:

- The Company will follow the Internal Revenue Code Limits
- Reimbursements up to \$5,250 per calendar year per employee are considered non-taxable income
- Reimbursements in excess of \$5,250 per calendar year are generally subject to tax withholding and will be included as gross income on the employee's W-2 form. Therefore, the Company will not reimburse for tuition reimbursement in excess of \$5,250 in a calendar year
- Tuition Reimbursement shall be operated in compliance with the nondiscrimination requirements of Code Section 127, which means that benefits may otherwise be limited or determined to be taxable to an employee claiming or otherwise receiving a benefit under tuition reimbursement for those determined to be a highly compensated employee in accordance with Code Section 414(q) and the Treasury Regulations.

Calendar Year Deadline

Tuition Reimbursement operates on a calendar year basis. Requests submitted within the thirty (30) day deadline but after the preparation of the last pay date in the calendar year will be processed the following calendar year. The annual maximum is based on the year in which reimbursement is received, regardless of when a course was completed. Reimbursement of an individual course cannot be split between two calendar years. Employees are responsible for submitting requests within the calendar year deadline to maximize their annual benefit maximum and taxability status, regardless of when the courses are taken.

IX. Administration of the Program

The Company has sole discretion in interpreting the application of this policy, and its decision shall be final and binding. In addition, the Company reserves the right to modify and terminate tuition reimbursement, in whole or in part, in such manner as it shall determine, either alone or in conjunction with other plans of the Company. Human Resources will represent the Company and is responsible for creating, maintaining, updating, and interpreting this policy, including managing the reimbursement in accordance with the policy.

This Tuition Reimbursement Program creates no contract of employment between the Employee and the Company. Participation by employees in this tuition reimbursement program shall not affect the Employee's status as an "At Will" employee (i.e., employment is for an undefined period and is terminable at will by either the employer or the employee, with or without cause and with or without notice).

For any questions about the content of this policy should be directed to Human Resources via email to KUS.Benefits@Knapp.com.