



OTSUKA
TOTALREWARDS

Flexible Time Off (FTO) Policy

Overview

Otsuka-people are committed to serving patients and customers in support of better health. This commitment is carried through in many ways across our portfolio of benefits, including opportunities to take time away from work doing what employees enjoy with those closest to them.

Instead of tracking against a set number of days allotted to employees each year, Otsuka offers Flexible Time Off (FTO), which includes all forms of time off from work: vacation, personal time, family time, or any reason covered by applicable sick leave requirements. FTO empowers full-time eligible employees to take the time off as they seek to create work-life harmony, with proper notification and approval from their people leader.

Employees are expected to lead conversations with their people leaders, taking personal responsibility for managing their time, workload, and meeting performance expectations. People leaders are available to provide support, counsel, and help to prioritize as needed.

An eligible employee who is absent from work because of appropriately scheduled FTO per established guidelines is eligible for a reasonable amount of FTO with pay under this policy. FTO under this policy is not being provided in addition to any pre-existing PTO policy, which is now superseded by this policy. This policy is not a form of additional wages for services performed, but rather a policy as part of Otsuka's ongoing effort to provide a flexible work arrangement for our employees. This policy is designed to comply with and will be implemented in accordance with all applicable state and local laws including applicable paid sick leave laws. Eligible employees will not receive paid sick leave separate from this policy.

Eligibility

Full-time employees (salaried and hourly) of Otsuka are eligible as of their date of hire. Interns are not eligible for FTO. However, interns will be permitted to use "FTO-Illness" to take applicable state or local sick leave.

Scheduling & Notification

FTO can be taken in increments as short as one hour and should be requested in advance and approved by your people leader. When the need for FTO is **foreseeable**, we request that you provide notice at least seven (7) days in advance. When notice is **unforeseeable**, employees should provide as much notice as reasonably possible.

Not all FTO requests may be approved, but your people leader will make reasonable efforts to grant your request while balancing business needs and in compliance with state and local leave laws. Some instances where FTO may be denied are long-term requests (e.g., three (3) or more weeks) or recurring time off (e.g., every Friday). In other instances, it may not be possible to have several colleagues out at the same time due to business needs. Management will evaluate all requests in accordance with business needs and applicable state law.

Eligible employees should notify their people leader if they will be taking FTO in excess of three (3) consecutive business days for sick and/or caregiving purposes. Employees needing FTO under this policy in excess of three (3) days may be eligible for FMLA. Employees may also be eligible for Short-Term Disability (STD) if their absence is expected to be in excess of five (5) consecutive business days and should contact the Otsuka Leave Support Team via the AVA Contact Center (877-4-OTSUKA) or submit a request via the AVA Portal for further guidance.

Applicability

Employees will not accrue or carry over FTO and there will be no set FTO bank balance. Similarly, FTO will not be paid out upon termination as there is no bank of unused time to pay out. Eligible employees may use FTO for traditional vacation purposes and personal needs as well as for any absence protected by applicable paid sick leave laws, including to:

- Attend appointments or receive care for the employee's own physical or mental illness, injury, or medical condition, including conditions requiring home care, professional medical diagnosis or treatment, or preventive care;
- Attend appointments or provide care for an eligible family member's physical or mental illness, injury, or medical condition, including conditions requiring home care, professional medical diagnosis or care, or preventive care;
- Address the psychological, physical, or legal effects of domestic violence, harassment, sexual assault, or stalking involving an employee or a family member, and/or;
- Any other reason allowed by applicable state or local law.

FTO & Other Approved Leaves

The FTO policy may not be used to **extend** other types of leave, such as FMLA, Parental leave, Caregiver leave, leaves required by state law, leave as an accommodation under the Americans with Disabilities Act, and/or other extended leave situations (e.g., Jury Duty, Bereavement, Military, Witness and Victims of Crime, Workers' Compensation leave, etc.) for more than two (2) weeks total in a rolling twelve (12) month period, subject to management approval. These types of leave are handled separately and FTO is not designed to be an extended paid leave policy.

FTO also may not be used to **supplement** pay for unpaid or partially paid leave, such as FMLA or Personal Leave of Absence, for more than four (4) weeks total in a rolling twelve (12) month period. Similarly, employees working in certain states may be eligible for state-provided medical and/or family leave benefits.

If an employee needs a leave of absence that qualifies for Short-Term Disability (STD) or Long-Term Disability (LTD), the employee must apply for disability benefits by contacting Otsuka's disability carrier and Otsuka's Leave Support Team. The employee must also apply through any applicable state provided plan. Absences covered by STD or LTD are not eligible for compensation under this FTO policy.

Any medical leave or caregiving leave will run concurrent with leave under FMLA if the employee is eligible for FMLA leave and any other state leave law entitlement. FTO is not intended to replace any other Otsuka-provided leaves.

Inappropriate or Excessive Use

Although there is no fixed amount of vacation, personal, or sick time, disciplinary action may be taken if a pattern suggesting inappropriate or excessive use of FTO develops. The FTO policy is not designed to change or reduce an employee's work schedule. Likewise, disciplinary action may be taken if an employee is failing to meet necessary performance goals for their position due to excessive FTO unrelated to legally mandated paid sick leave or other legally protected leave. All eligible employees are expected to perform their job duties satisfactorily and to ensure that all necessary work is completed in a timely manner when using FTO under this policy.

No Retaliation

The Company prohibits discrimination or retaliation against employees because of a request to use FTO for legally protected paid sick leave purposes. If you believe that you have been discriminated against on account of your use of such FTO, please immediately report this concern to Human Resources.