



Employee Handbook

November 14, 2017

COMPANY CONFIDENTIAL

Pfenex Employee Handbook

TABLE OF CONTENTS

	<u>Page</u>
A. WELCOME	1
B. INTRODUCTION TO THE COMPANY	1
C. HANDBOOK PURPOSE	1
D. AT-WILL EMPLOYMENT	1
E. EQUAL EMPLOYMENT OPPORTUNITY AND POLICY PROHIBITING HARASSMENT, DISCRIMINATION, AND RETALIATION	2
F. ARBITRATION POLICY	4
G. IMMIGRATION LAW COMPLIANCE.....	4
H. PROTECTED ACTIVITY NOT PROHIBITED.....	4
II. <u>EMPLOYMENT STATUS, WORK HOURS, AND WAGES</u>	5
A. EXEMPT AND NON-EXEMPT EMPLOYEES	5
B. WORKWEEK AND WORK SCHEDULES	5
C. MEAL AND REST PERIODS FOR NON-EXEMPT EMPLOYEES	5
D. LACTATION ACCOMMODATION	6
E. TIMEKEEPING REQUIREMENTS FOR NON-EXEMPT EMPLOYEES.....	6
F. OVERTIME.....	6
G. PAYMENT OF WAGES	7
H. PAYROLL DEDUCTIONS.....	7
I. SALARY PAY FOR EXEMPT EMPLOYEES	7
III. <u>EMPLOYEE PERFORMANCE AND CONDUCT</u>	7
A. PERFORMANCE EVALUATIONS	7
B. WORKPLACE VIOLENCE.....	8
C. OUTSIDE EMPLOYMENT.....	8
D. DRUG AND ALCOHOL ABUSE	8
E. DRESS CODE	10
F. PUNCTUALITY AND ATTENDANCE	10
G. CONFIDENTIALITY AND TRADE SECRETS.....	10
H. TELEPHONE AND DEVICE USE POLICY	11
I. OTHER PROHIBITED CONDUCT	11
J. VOLUNTARY TERMINATION OF EMPLOYMENT	11
IV. <u>MISCELLANEOUS</u>	12
A. EMPLOYEE PROPERTY	12
B. PARKING.....	12
V. <u>EMPLOYMENT POLICIES</u>	12
A. PERSONNEL RECORDS AND EMPLOYEE REFERENCES	12

TABLE OF CONTENTS
(continued)

	<u>Page</u>
B. WORKPLACE RELATIONSHIPS	12
VI. <u>OPERATIONAL CONSIDERATIONS</u>	13
A. EMPLOYER PROPERTY	13
B. TECHNOLOGY SYSTEMS	13
C. COMPANY NAMES, CHARACTERS OR SYMBOLS	15
D. SECURITY, HEALTH AND SAFETY, SMOKING	15
E. DRIVING FOR PFENEX BUSINESS	16
F. OFF-DUTY USE OF FACILITIES AND SOLICITATION AND DISTRIBUTION OF LITERATURE	16
VII. <u>EMPLOYEE BENEFITS</u>	17
A. EMPLOYEE BENEFIT PLANS	17
B. VACATION	17
C. HOLIDAYS	17
D. FLEXIBLE SICK LEAVE (FSL)	18
E. WORKERS' COMPENSATION	19
VIII. <u>LEAVE POLICIES</u>	20
A. PERSONAL LEAVE OF ABSENCE	20
B. FMLA/CFRA LEAVE	20
C. PREGNANCY DISABILITY LEAVE POLICY	24
D. MILITARY LEAVE	26
E. BEREAVEMENT LEAVE	27
F. JURY DUTY	27
G. WITNESS DUTY	28
H. TIME OFF FOR VOTING	28
I. DOMESTIC VIOLENCE LEAVE	28
J. SCHOOL ACTIVITIES LEAVE	28
K. SCHOOL APPEARANCE LEAVE	29
L. ORGAN AND BONE MARROW DONOR LEAVE	29
M. VOLUNTEER CIVIL SERVICE LEAVE AND CIVIL AIR PATROL LEAVE	29
N. CRIME VICTIMS LEAVE	30

A. WELCOME

It's our pleasure to welcome you to Pfenex Inc. (the "Company" or "Pfenex"). At Pfenex, we are dedicated to high standards of quality and excellence. We value each one of our employees, and hope that you find your work here rewarding, challenging, and satisfying.

We think we are a special place – made all the more so by the hard work and dedication of our employees and the patients that we serve. Please read this Handbook carefully so you can better understand the Company.

B. INTRODUCTION TO THE COMPANY

While Pfenex started its own independent operations in 2009, its research, development, and processes have been around for quite a while. In the 1980s, Mycogen Corporation initiated the development of *Pseudomonas fluorescens* as an expression system for insecticidal proteins. Later, in 1998, Mycogen was purchased by The Dow Chemical Company, and the site's goals and development switched to industrial biotechnology. In the early 2000s, the business began to focus on the production of proteins for human therapeutic and vaccine use. Today, the focus of Pfenex is on the development of biosimilars and innovative vaccines to address unmet and growing global healthcare needs.

C. HANDBOOK PURPOSE

This Employee Handbook (the "Handbook") is designed to familiarize employees with the policies, practices, and benefits of the Company. Although the Handbook is not a contract and is not intended to create any express or implied contractual obligations, employees are required to read and understand the provisions of the Handbook. This Handbook contains a summary of the Company's policies and practices. All previously issued handbooks and any inconsistent policy or benefit statements or memoranda are superseded. Circumstances will undoubtedly require that the policies, practices, and benefits described in the Handbook change from time to time. Accordingly, except for the at-will employment policy, the Company reserves the right to revise, modify, rescind, delete, or add to the provisions of this Handbook from time to time in its sole and absolute discretion. Such modifications must be in writing and signed by the Chief Executive Officer of the Company. The Company will attempt to provide employees with notice of such changes when they occur. No oral statements or representations can, in any way, change or alter the provisions of this Handbook.

D. AT-WILL EMPLOYMENT

All employees at Pfenex are employees at-will. Employment at-will may be terminated with or without cause, for any reason or for no reason, with or without notice, at any time by an employee or the Company. Nothing in this Handbook or in any document or statement limits the right to terminate employment at-will. With the exception of the Chief Executive Officer who can only do so in writing, no employees of the Company have any authority to enter into any agreement for employment for a specified period of time or to make any agreement or representation contrary to the Company's policy of employment at-will.

E. EQUAL EMPLOYMENT OPPORTUNITY AND POLICY PROHIBITING HARASSMENT, DISCRIMINATION, AND RETALIATION¹

Pfenex is an equal opportunity employer and makes employment decisions on the basis of merit and business needs. The Company does not unlawfully discriminate against, nor does it tolerate unlawful harassment by any person, including, but not limited to, co-workers, managers, and third parties, on the basis of race, color, religion (including, but not necessarily limited to, religious creed, dress, and grooming practices), citizenship, political activity or affiliation, marital status, age (40 and older), national origin (including, but not necessarily limited to, language use and possession of a driver's license issued to undocumented persons unable to obtain a driver's license under federal law), ancestry, mental or physical disability (including, but not necessarily limited to, HIV and AIDS disabilities), genetic information, medical condition (including, but not necessarily limited to, cancer), military and veteran status, sexual orientation, gender identity, gender expression, sex, gender, pregnancy, taking or requesting statutorily protected leave, or any other characteristics protected under applicable federal, state, or local laws.

Harassment may take many forms, but the most common forms include: *verbal harassment* (e.g., jokes, epithets, slurs, negative stereotyping, and/or unwelcome remarks about an individual's body, color, physical characteristics, appearance, or sexual practices, or gossiping about sexual relations); *physical harassment* (e.g., physical interference with normal work, impeding or blocking movement, assault, unwelcome physical contact, or leering at a person's body); or *visual harassment* (e.g., offensive or obscene pictures or emails, gestures, display of sexually suggestive or lewd objects, unwelcome notes or letters, and/or any other written or graphic material that denigrates or shows hostility or aversion toward an individual, because of a protected characteristic, that is placed or circulated in the workplace).

Harassment may be sexual in nature. Sexual harassment includes harassment of women by men, of men by women, same-sex harassment, and harassment by/toward anyone who does not identify as a man or woman. Sexual harassment is unlawful whether it involves co-worker harassment, harassment by a supervisor or manager, or by persons doing business with or for the Company. There are two distinct categories of sexual harassment: (1) *quid pro quo* (when an individual's submission to, or rejection of, unwelcome sexual conduct is used as a basis for employment decisions affecting that individual, including granting of employment benefits); and (2) hostile environment (when unwelcome sexual conduct unreasonably interferes with an individual's job performance or creates an intimidating, hostile, or offensive working environment, even if it does not lead to tangible or economic job consequences). Sexually harassing conduct does not need to be motivated by sexual desire to be considered unlawful.

Retaliation by any person, including, but not limited to, co-workers, managers, and third parties, for reporting any incidents of harassment or discrimination, or perceived harassment or discrimination,

¹ This policy, like all policies in this Handbook, can be modified unilaterally by the Company at any time without notice. Modification may be necessary to maintain compliance with local, state, and federal laws and/or accommodate organizational changes within the Company.

for making any complaints of harassment or discrimination, or participating in any investigation of incidents of harassment or discrimination, or perceived harassment or discrimination, is strictly prohibited. Any report of retaliation by one accused of harassment or discrimination, or by co-workers, supervisors, or managers, will also be promptly and thoroughly investigated. If a complaint of retaliation is substantiated, appropriate disciplinary action, up to, and including, termination of employment, will be taken.

To comply with applicable laws ensuring equal employment opportunities to qualified individuals with a disability, the Company will make reasonable accommodations for the known physical and mental limitations of an otherwise qualified individual with a disability who is an applicant or an employee unless undue hardship would result.

Reporting and Investigation

If employees believe they have been subjected to harassment or discrimination of any kind or any conduct that violates this policy, employees must immediately report the facts of the conduct to their manager or HR, or both. If, for any reason, employees do not feel comfortable discussing the matter with their manager, employees should bring the matter to the attention of the HR Manager, their second-tier supervisor, or the Chief Executive Officer. The important thing is that employees bring the matter to the Company's attention promptly so that any concern of harassment or discrimination can be investigated and addressed appropriately. If employees are supervisors, they must report any complaints of misconduct, including harassment or discrimination, to the HR Manager or the Chief Executive Officer as soon as possible so the Company can attempt to resolve the claim internally. All complaints will be promptly and thoroughly investigated by qualified personnel in a fair and impartial manner. The investigation will be documented and tracked, and the Company will keep all information disclosed during the course of the investigation confidential, except as necessary to conduct the investigation and take any remedial action, and in accordance with applicable law. All employees and supervisors have a duty to cooperate in the investigation of alleged harassment or discrimination. In addition, failing to cooperate or deliberately providing false information during an investigation is grounds for disciplinary action, up to and including termination of employment. At the conclusion of its investigation, if the Company determines a violation of policy has occurred, it will take effective remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party, up to, and including, termination of employment. Steps will be taken, as reasonable and necessary, to prevent any further violations of policy.

Additional Enforcement Information

In addition to the Company's internal complaint procedure, employees should also be aware that the federal Equal Employment Opportunity Commission (EEOC) and the California Department of Fair Employment and Housing (DFEH) investigate and prosecute complaints of harassment, discrimination, and retaliation in employment. Information about the EEOC's complaint procedure can be found at www.eeoc.gov. Employees may also contact the EEOC at: 1-800-669-4000 (English) or 1-800-669-6820 (TTY). Information about the DFEH can be found at www.dfeh.ca.gov. Employees may also contact the DFEH at 1-800-884-1684 (English) or 1-800-700-2320 (TTY) within California.

F. ARBITRATION POLICY

In the event of any dispute or controversy arising out of, relating to, or in connection with an employees' employment, including, but not limited to, the claims of harassment, discrimination, and wrongful termination of employment, it is the Company's policy that all such disputes must be settled by binding arbitration as set forth in the At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement all employees are required to sign. The At-Will Employment, Confidential Information, Invention Assignment and Arbitration Agreement specifically provides for arbitration of all employment-related claims and **waives any right to a trial by jury.**

G. IMMIGRATION LAW COMPLIANCE

All offers of employment are contingent on verification of an employee's right to work in the U.S. On an employee's first day of work, the employee will be asked to provide original documents verifying the employee's right to work and to sign a verification form required by federal law. If an employee, at any time, cannot verify the employee's right to work in the U.S., the Company may be obligated to terminate the employee's employment.

H. PROTECTED ACTIVITY NOT PROHIBITED

Nothing in this Handbook or any other Company policy or document limits or prohibits employees from engaging for a lawful purpose in any "Protected Activity." "Protected Activity" means filing a charge, complaint, or report, or otherwise communicating with or participating in any investigation or proceeding that may be conducted by state, federal, local, or other governmental agency, including the Securities and Exchange Commission, the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission, and the National Labor Relations Board ("Government Agencies"). In connection with such Protected Activity, employees are permitted to disclose documents or other information as permitted by law, and without giving notice to, or receiving authorization from, the Company. In making any such disclosures or communications, employees must take all reasonable precautions to prevent any unauthorized use or disclosure of any information that may constitute Company confidential information to any parties other than the relevant Government Agencies. "Protected Activity" does not include the disclosure of any Company attorney-client privileged communications or attorney work product; any such disclosure, without the Company's written consent, violates Company policy. Any language in other employment agreements regarding an employee's right to engage in Protected Activity that conflicts with, or is contrary to, this paragraph is superseded by the language in this paragraph. In addition, pursuant to the Defend Trade Secrets Act of 2016, employees are notified that an individual will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made in confidence to a federal, state, or local government official (directly or indirectly) or to an attorney *solely* for the purpose of reporting or investigating a suspected violation of law, or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if (and only if) such filing is made under seal. In addition, an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the individual's attorney and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Employees may keep a copy of this Handbook, as well as personnel documents related to themselves, after termination of employment.

II. EMPLOYMENT STATUS, WORK HOURS, AND WAGES

A. EXEMPT AND NON-EXEMPT EMPLOYEES

Exempt employees are all employees who are classified as exempt from the overtime provisions of applicable wage and hour laws. Non-exempt employees are all employees who are covered by the overtime provisions of applicable wage and hour laws.

B. WORKWEEK AND WORK SCHEDULES

The Company's workweek runs from 12:00 a.m. on Sundays through 11:59 p.m. on Saturdays. The Company is normally open for business between the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. Managers will assign employees their individual work schedule.

C. MEAL AND REST PERIODS FOR NON-EXEMPT EMPLOYEES

This policy only applies to non-exempt employees. Such employees who are scheduled to work, or do work, more than five hours in a day are entitled to and expected to take an unpaid, off-duty meal period of at least 30 minutes. Meal periods must begin no later than the end of the fifth hour of an employee's work period. If employees are scheduled to work, or do work, more than five hours, but less than six hours, they may waive the meal period. Such waiver is normally expected to be done in writing and in advance of the meal period. A second meal period is required after 10 hours of work. The second meal period must begin no later than the end of the 10th hour of work. If employees are scheduled to work no more than 12 hours, they may waive the second meal period in writing and in advance of the meal period, but only if the first meal period was not waived. Employees will be relieved of all duties for the full 30 minute meal period and are free to leave the premises during their meal period(s). Failure to take full meal periods is a violation of Company policy, which will subject employees to discipline, up to, and including, termination of employment, unless the employees: (1) acknowledge on their time sheet that the full meal period(s) was provided, but that they voluntarily, and without any coercion, elected not to take the full meal period(s); (2) submit a written waiver of a meal period in accordance with the above; and/or (3) record on their time sheet that they were not permitted the opportunity to take a meal period(s). Employees will be paid if option three occurs, in accordance with applicable law.

Non-exempt employees are also expected to take a 10 minute paid rest period, on the Company premises, for every four hours of work, or major portion thereof, as follows:

Shift Length	Number of 10 minute breaks
3.5 – 6 hours	1
6 – 10 hours	2
10 – 14 hours	3

Employees may not perform any work during their rest periods. Failure to take a rest period is a violation of Company policy, which may subject employees to discipline, up to, and including, termination of employment, unless employees acknowledge on their time sheet that the full rest period(s) was provided, but that they voluntarily, and without any coercion, elected not to take the full

rest period(s) or record on their time sheets that they were not permitted the opportunity to take a rest period(s). If option three occurs, employees will be paid in accordance with applicable law.

Employees are entitled to and expected to take the meal and rest breaks described above. No supervisor, manager, or other employee may request or require that employees waive or skip employees' meal and/or rest period(s) or take a shorter meal or rest period. Employees must be relieved of all duties during their meal and rest periods. If, for any reason, employees are not permitted to or are not provided the opportunity to take their meal and/or rest period(s), **employees must immediately report the missed meal and/or rest period to HR**. Likewise, employees must report the missed meal and/or rest period on their time sheet so that any required premium can be included in their pay. If employees are regularly reporting missed meal and/or rest period(s), HR may investigate the reasons why employees are not taking the meal and/or rest period(s) to which they are entitled. Employees should feel free to raise any concerns regarding this policy or any violations by a supervisor without fear of any retaliation. Retaliation for reporting that employees were not permitted to or not provided the opportunity to take their meal and/or rest period(s) is strictly prohibited. Any report of retaliation will be promptly and thoroughly investigated. If a complaint of retaliation is substantiated, appropriate disciplinary action, up to, and including, termination of employment will be taken against the offender.

D. LACTATION ACCOMMODATION

The Company will provide all employees who wish to express breast milk at work with a reasonable amount of break time. The break time must run concurrently, if possible, with any paid break time already provided to the employee. In the event it is not possible for the break time for expressing milk to run concurrently with the paid break time already provided to the employee, the break time for expressing milk will be unpaid. Employees will be provided with a place, other than a bathroom, that is shielded from view and free from intrusion from coworkers and the public, which may be used to express breast milk. The Company will make efforts to provide such a location in close proximity to an employee's work area. An employee's normal work area may be used if it allows the employee to express milk in private.

E. TIMEKEEPING REQUIREMENTS FOR NON-EXEMPT EMPLOYEES

All non-exempt employees must clock in and clock out at the beginning and end of their shifts and for meal breaks. Employees need not clock out for their 10 minute rest breaks. Time records are prepared for each pay period and are given to supervisors for approval on the Friday before payday. It is important for employees to keep accurate time records and to turn them in when they are due. A time card is a legal document and must not be tampered with. Corrections must be approved by an employee's supervisor and initialed by the employee. Clocking in or out for a fellow employee or falsifying one's own or another employee's time records is dishonest and may lead to immediate termination of employment.

F. OVERTIME

As necessary, employees may be required to work overtime; however, only non-exempt employees qualify for overtime pay. To work overtime, non-exempt employees must obtain written permission from their supervisors. If non-exempt employees work overtime without permission, they may be

disciplined, up to, and including, termination of employment. The Company provides compensation for all overtime hours worked by non-exempt employees in accordance with applicable law.

G. PAYMENT OF WAGES

Employees of the Company are paid on a bi-weekly basis every other Friday for work performed during the previous two-week pay period. If a regular payday falls on a holiday, employees will be paid on the preceding workday. The Company does not permit advances against paychecks or against unaccrued vacation.

Employees may have their payroll checks direct deposited if they choose to do so and provide explicit consent.

H. PAYROLL DEDUCTIONS

The law requires the Company to withhold taxes, such as federal income tax, California income tax, Federal Insurance Contributions Act (FICA)(Social Security and Medicare), and California State Disability Insurance (SDI). Employees should contact HR if they want to change their exemptions or marital status for income tax withholding purposes.

I. SALARY PAY FOR EXEMPT EMPLOYEES

Subject to any exceptions provided by law, salaried exempt employees will receive their salary for any week in which they perform any work. Employees are encouraged to bring any questions concerning their salary pay to HR so that any inadvertent error can be corrected. It is the Company's policy to comply with the salary basis requirements of the FLSA and applicable state law. Therefore, the Company prohibits improper deductions from the salaries of exempt employees. If employees are exempt employees and believe that an improper deduction has been made to their salary, employees should immediately report this information to their direct supervisor or to HR. Reports of improper deductions will be promptly investigated. If it is determined that an improper deduction has occurred, employees will be promptly reimbursed.

III. EMPLOYEE PERFORMANCE AND CONDUCT

A. PERFORMANCE EVALUATIONS

Employees will receive periodic performance reviews. Performance evaluations may review factors such as the quality and quantity of work, knowledge of the job, initiative, work attitude, and attitude toward others. Performance evaluations should help employees become aware of their progress and areas for improvement. A good performance evaluation does not guarantee a pay raise. Pay increases may not occur every year. A good performance review or a pay raise is not a promise of continued employment. Rather, employment at the Company is at-will and may be terminated by the employee or the Company at any time for any reason or no reason, with or without notice.

B. WORKPLACE VIOLENCE

The Company has no tolerance for acts and threats of violence. All such acts and threats, even those made in apparent jest, will be taken seriously and will lead to appropriate discipline, up to, and including, termination of employment. A threat includes, but is not limited to, any indication of intent to harm a person or damage Company property. Threats may be direct or indirect, and they may be communicated verbally or nonverbally. It is every employee's responsibility to assist in establishing and maintaining a violence-free work environment. Employees are expected to report to a supervisor or manager all actual or perceived threatening and/or violent incidents. The Company is committed to thoroughly investigating all reports of workplace violence and will take immediate, appropriate action commensurate with the offense. Depending on the circumstance, the Company may choose to place an individual on leave (paid or unpaid at the Company's discretion) while it investigates a complaint. Anyone with questions about the application of this policy should contact HR or the Company's emergency action coordinator.

C. OUTSIDE EMPLOYMENT

While employed by the Company, employees are expected to devote their energies to their jobs with the Company. For this reason, second jobs are strongly discouraged. The following types of outside employment are strictly prohibited: employment that conflicts with an employee's work schedule, duties, or responsibilities; employment that creates a conflict of interest or is incompatible with the employee's employment with the Company; employment that interferes with the protection of the Company's proprietary or confidential information; employment that impairs or has a detrimental effect on an employee's work performance; employment that requires an employee to conduct work or related activities for outside employment on the Company's property during an employee's working hours or using the Company's facilities and/or equipment; and employment that directly or indirectly competes with the business or the interests of the Company. Employees who wish to engage in outside employment must submit a written request to the Company explaining the details of the outside employment. If the outside employment is authorized, the Company assumes no responsibility for the outside employment. No work related to outside employment may be performed during Company time, with Company property or equipment, or on Company premises. The Company does not provide workers' compensation coverage or any other benefit for injuries occurring from, or arising out of, outside employment. The Company can revoke authorization to engage in outside employment at any time.

D. DRUG AND ALCOHOL ABUSE

The Company is concerned about the use of alcohol, illegal drugs, and controlled substances as they affect the workplace. Use of these substances, whether on or off the job, can adversely affect employees' work performance, efficiency, safety, and health, and therefore, seriously impair employees' value to the Company. In addition, the use or possession of these substances on the job constitutes a potential danger to the welfare and safety of other employees and exposes the Company to the risks of property loss or damage, or injury to other persons.

The following are strictly prohibited by the Company: (1) being impaired by alcohol while on the job; (2) driving a Company vehicle while under the influence of alcohol; (3) distribution, dispensation, sale, or purchase of an illegal or controlled substance while on the job; (4) unlawful manufacture,

possession, or use of a controlled substance, or being under the influence of an illegal or controlled substance while on the job; and (5) working while impaired by a prescription or over-the-counter drug if that impairment affects the employee's ability to safely or sufficiently perform the job or affects the safety of others.² Violation of the above rules and standards of conduct may result in disciplinary action, up to, and including, termination of employment. The Company may also bring the matter to the attention of appropriate law enforcement authorities.

In order to enforce this policy, as well as other Company policies, the Company reserves the right to conduct searches of Company property, or employees and/or their personal property, including, but not limited to, lockers, packages, purses, backpacks, and other personal property brought onto Company premises. The Company also reserves the right to implement other measures necessary to deter and detect abuse of this policy. A request to search is not indicative of individualized suspicion.

The Company encourages and will reasonably accommodate employees with drug or alcohol dependencies to seek treatment and/or rehabilitation. To this end, employees desiring such assistance should request a treatment or rehabilitation leave. Notwithstanding the foregoing, the Company is not obligated to continue to employ any person whose performance of essential job duties is impaired because of drug or alcohol use, nor is the Company obligated to re-employ any person who has participated in treatment and/or rehabilitation if that person's job performance remains impaired as a result of dependency. Additionally, employees who are given the opportunity to seek treatment and/or rehabilitation, but who fail to successfully overcome their dependency or problem, will not automatically be given a second opportunity to seek treatment and/or rehabilitation. This policy on treatment and rehabilitation is not intended to affect the Company's treatment of employees who violate the regulations described above. Rather, rehabilitation is an option for employees who acknowledge a drug or alcohol dependency and voluntarily seek treatment to end that dependency. Employees with a drug or alcohol dependency who are not seeking treatment are not qualified as a disabled individual under applicable law.

The Company is dedicated to educating its employees of the dangers and consequences of workplace drug abuse. In this vein, the Company has developed a comprehensive Drug-Free Awareness program. The Company's program will be an ongoing educational effort to prevent and eliminate drug and alcohol abuse that may affect the workplace. The Drug-Free Awareness program will inform employees about: (1) the dangers of alcohol and drug abuse in the workplace; (2) the Company's policy of maintaining a drug-free workplace; (3) the availability of drug and/or alcohol counseling for employees who voluntarily seek such assistance; and (4) the penalties that the Company will impose for alcohol and drug abuse violations.

As a condition of employment, the Company requires each employee to abide by the terms of this policy and notify it of any criminal drug statute conviction for a violation occurring in the workplace within five days of such conviction. Each employee will be provided a copy of this policy and will be required to sign the acknowledgment at the bottom.

² Notwithstanding number five, the Company will make reasonable accommodations for the known physical or mental limitations of an otherwise qualified individual with a disability, unless undue hardship would result.

E. DRESS CODE

Employees are expected to dress appropriately for their work day schedule and their work environment. When meeting with customers and vendors, employees should dress in attire appropriate to those with whom they are meeting. Employees working in a laboratory should keep safety in mind when preparing for work.

F. PUNCTUALITY AND ATTENDANCE

Employees are expected to report to work as scheduled, on time, and prepared to start work. Employees also are expected to remain at work for their entire work schedule, except for meal periods or when required to leave on authorized Company business. Late arrival, early departure, or other absences from scheduled hours are disruptive and must be avoided whenever possible. If employees are unable to report for work on any particular day, employees must call and speak with their supervisor at least one hour before the time employees are scheduled to begin working for that day. If employees call less than one hour before their scheduled time to begin work, employees will be considered tardy for that day. If employees know in advance that they are going to be absent, employees must schedule the absence with their supervisor at least one week in advance. If employees are absent for three consecutive days on which they are scheduled to work, without contacting their supervisor, employees will be considered to have voluntarily terminated their employment. Excessive absences, abuse of the Company's leave policies, failure to report absences on time, and excessive tardiness may lead to discipline, up to, and including, termination of employment.

G. CONFIDENTIALITY AND TRADE SECRETS

Employees are responsible for safeguarding the Company's confidential information³ both during and after their employment. Subject to their right to engage in Protected Activity, employees may not divulge any such information unless it is necessary for them to do so in the performance of their employment duties. Under no circumstances may employees transmit Company confidential information to themselves for use – or potential use – at future employers. For example, employees may not email Company property to their personal email accounts, save it to their personal cloud accounts, or save it to external drives or other sources without the written permission of the HR and Information Technology departments.

Employees may not work for the Company if any agreements with third parties, including prior employers, prevent them from performing the duties of their position. Employees may also not work for the Company if they have retained any property of their prior or concurrent employer(s) without written permission from their prior or concurrent employer(s) to retain such property. Employees are prohibited from bringing any third party confidential information to the Company or using it in their work at the Company without the Company's express, written permission. Employees who use such information (e.g., by accessing it through cloud accounts or external drives) will be subject to

³ Confidential information includes, but is not limited to, all non-public information that relates to the actual or anticipated business and/or products, research or development of the Company, or to the Company's technical data, trade secrets, or know-how, including, but not limited to, research, product plans, or other information regarding the Company's products or services and markets therefor, customer lists and customers, software, developments, inventions, processes, formulas, technology, designs, drawings, engineering, hardware configuration information, marketing, and finances.

disciplinary action, up to, and including, termination of employment. In addition, such behavior can result in employees being sued, personally, by prior employers, as well as being subject to criminal penalties. Unless required by applicable law, the Company will not indemnify employees who have stolen or misused the trade secrets or confidential information of others. If employees are asked, during the course of their employment at the Company, for information relating to any of their prior employers' business and cannot answer that without providing non-public information, employees must refrain from providing such information.

The Company may inspect employees' electronic equipment, including Company-provided computer and emails at any time to, among other things, ensure compliance with Company policies.

H. TELEPHONE AND DEVICE USE POLICY

Employees are required to comply with all applicable laws regarding the use of phones while driving, including laws prohibiting text messaging while driving. Under no circumstances are employees required to answer the phone to conduct Company business while driving. Whenever possible, employees should not make or receive calls while driving. If employees do make calls while driving, they must use a hands-free device. Employees may not send work-related emails or text messages while driving. Under no circumstances should employees use wireless phones during adverse weather or difficult traffic conditions. Employees who violate this policy will be considered to be operating outside the course and scope of their employment. Any violations of this policy will subject employees to disciplinary action, up to, and including, termination of employment.

I. OTHER PROHIBITED CONDUCT

The following conduct is also prohibited and will not be tolerated by the Company: (1) unlawful harassment, including sexual harassment; (2) stealing Company property or property of another employee, a customer, or a visitor; (3) violating any Company safety or security rule, including OSHA rules; (4) falsifying employment records, employment information, or other Company records; (5) unauthorized use of Company equipment, time, materials, or facilities; (6) giving the Company's products away free of charge or at a discount to any person or in violation of the Company's policies; (7) deliberate destruction or damage to any Company property or the property of any employee, customer, or visitor; (8) insubordination, including, but not limited to, failure or refusal to obey the instructions of a supervisor or the use of abusive or threatening language toward a supervisor; (9) failing to promptly report to a supervisor the loss of, or known malfunctioning of, tools, vehicles, or equipment, electrical or mechanical; (10) reckless use of, and/or damage to, Company vehicle; (11) convictions for traffic violations or driving under the influence of alcohol or drugs while performing Company business in a Company vehicle; (12) working unauthorized overtime or refusing to work; and (13) failure to take meal and rest breaks, if non-exempt. The list merely contains examples of conduct that may lead to disciplinary action. It does not constitute a complete list of all types of conduct that can result in disciplinary action. This list of prohibited conduct does not alter the at-will nature of all employees' employment.

J. VOLUNTARY TERMINATION OF EMPLOYMENT

Employees who voluntarily resign from their employment or fail to report to work for three consecutively scheduled workdays without notice to, or approval by, their manager, will be considered

to have voluntarily terminated employment with the Company. All Company property must be returned immediately upon termination of employment.

IV. MISCELLANEOUS

A. EMPLOYEE PROPERTY

In order to ensure the safety and security of employees and customers, and to protect Pfenex's legitimate business interests, Pfenex reserves the right to question and inspect or search any employee or other individual entering onto or leaving Pfenex premises. The inspection or search may include any packages or items that the individual may be carrying, including but not limited to briefcases, handbags, knapsacks, or shopping bags. These items are subject to inspection and search at any time, with or without prior notice. Pfenex also may require employees, while on the job or on Pfenex's premises, to agree to reasonable inspection of their personal property and/or persons. The individual may be requested to self-inspect personal property or person by displaying the contents of any packages and/or turning out their pockets, in the presence of a Pfenex representative.

For security reasons, employees should not leave personal belongings of value in the workplace. Pfenex cannot be responsible for the theft of personal items brought onto Company premises. Terminated employees should remove any personal items at the time they leave the Company. Personal items left in the workplace by former employees may be disposed of by the Company if not claimed at the time of the employee's termination of employment.

B. PARKING

Parking facilities are provided on Pfenex property for the convenience of employees; however, in providing such facilities, Pfenex assumes no responsibility for any loss or damages to employee vehicles or contents while parked on Pfenex property.

V. EMPLOYMENT POLICIES

A. PERSONNEL RECORDS AND EMPLOYEE REFERENCES

Employees have a right to inspect and receive a copy of their personnel records, except for letters of reference and certain other limited kinds of information, at reasonable times and at reasonable intervals. A request to inspect or receive a copy of personnel records must be made in writing. Contact HR for additional information and/or to submit an inspection request. To ensure that the files are kept up to date, employees should inform HR of any personal changes such as changes to address, phone number, or number of tax withholdings. Although the Company takes reasonable efforts to protect the privacy of personal identifiable information (such as the addresses and telephone numbers of current and former employees), the Company at times may be required to produce such personal identifiable information to third parties pursuant to, and in accordance with, directions from legal authorities. All requests for references must be directed to HR. The Company's policy is to disclose only the dates of employment and the title of the last position held.

B. WORKPLACE RELATIONSHIPS

While the Company respects employee privacy interests, it discourages co-employee workplace dating, romantic, and sexual relationships, as they create potential conflict of interest and increase

legal risks for the Company and individuals alike. Any such relationships must, at all times, respect and be consistent with the Company's anti-sexual harassment policy, and must not interfere with maintaining a professional workplace free of conflicts of interest. In addition, because of the legal and/or other risks potentially created by romantic, sexual, or dating relationships between those in a direct supervisory relationship, any employee in such a relationship must promptly report the relationship to the employee's manager or to HR. The Company reserves all rights with respect to addressing any risks created by the relationship, including working with the employees to move one or both employees to a different position to eliminate the actual or potential conflict of interest. If no such position is available, the Company may require one or both of the employees to leave the Company. Employees violating this policy may be subject to discipline, up to and including termination of employment.

VI. OPERATIONAL CONSIDERATIONS

A. EMPLOYER PROPERTY

All Company property must be maintained according to Company rules and regulations. The Company reserves the right to inspect all Company property to ensure compliance with its rules and regulations, without notice to employees and/or in employees' absence. Prior authorization must be obtained before any Company property may be removed from the premises, with the exception of this Handbook and personnel documents related to each employee personally.

Upon termination of employment, employees are required to return all Company property immediately (with the exception of the employee's own personnel records and a copy of this Handbook, which employees may keep). Upon termination of employment, employees are required to conduct a thorough search of their homes, personal computers, cars, personal phones, cloud accounts, tablets, external drives personal emails, and any other place where Company property (whether in electronic or hard copy form) may reside and return it immediately. The Company may sue and/or press criminal charges against employees who do not return all Company property upon termination of employment.

B. TECHNOLOGY SYSTEMS

Pfenex's communication vehicles and equipment are powerful tools provided to employees for the purposes of conducting Pfenex business and enhancing communications within the Company. Employees are responsible for using common sense and good business judgment in choosing the content of messages, as these messages are subject to the same policies as any other workplace communications. These resources should not be used in any way that would interfere with Pfenex's ability to conduct its business or with its employees' ability to perform their duties.

The Company provides an email system, voicemail system, access to the Internet, and other technology systems to assist employees in conducting Company business. Everything created, received, sent, or stored in these systems is the property of the Company. All existing Company policies, including, but not limited to, Company policies regarding intellectual property, discrimination, harassment, and confidentiality, apply to the conduct of employees on the Internet and when using technology systems. In particular, the display of any kind of sexually explicit image or document on any Company system is a violation of the Company's policy against sexual harassment.

Employees who are aware of the misuse of these systems by other employees should report the misuse to a manager or HR immediately.

All employees should be aware that the Company has software and systems in place that are capable of monitoring and recording all network traffic to and from any computer employees may use. The Company reserves the right to access, review, copy, and delete anything (deleted or not) accessed through these systems with or without notice to employees and/or in employees' absence. In addition, the Company may review Internet and technology systems activity and analyze usage patterns, and may choose to publicize this data. **Employees should have no expectation of privacy as to their Internet or technology systems usage** and should not use these systems for information they wish to keep private.

Email accounts should be used primarily for Pfenex business-related purposes. Personal communication is permitted on a limited basis, but non-Pfenex related commercial uses are prohibited.

Examples of other inappropriate uses of Company provided communication vehicles and equipment include, but are not limited to:

- Making derogatory or vulgar statements regarding sex, race, color, national origin, ancestry, citizenship, religion, age, physical or mental disability, medical condition, sexual orientation, veteran or marital status, or any other protected class;
- Accessing, forwarding, and/or photocopying sexually explicit materials;
- Violating obligations regarding confidential and/or proprietary information;
- Usage that supports illegal activities (this includes all governmental laws and regulation of every jurisdiction that applies to our business), including, but not limited to transmitting or receiving any information in violation of federal, state, or local laws and regulations, including copyrighted materials, or protected trade secrets;
- Committing any violation of Pfenex's policy;
- Transmitting messages or other communications by means that either mask or hide their identity or indicate that they are sent by someone else;
- Accessing any electronic resources using another employee's password if doing so is not expressly part of an employee's job.

Pfenex email accounts are for use by the employee to whom they are given, only. Employees should never allow any other person, including coworkers, family, or friends, to access their accounts for any reason unless expressly directed to do so by a person with authority to do so at Pfenex. Pfenex passwords to access Pfenex computer systems may be disclosed only to other Pfenex personnel on a need-to-know basis. After disclosure, the password must be changed as soon as possible.

Employees may access only files or programs, whether computerized or not, that they have permission to enter. Computer software is protected from unauthorized copying and use by federal and state law; unauthorized copying or use of computer software exposes both Pfenex and the individual employee to substantial fines and/or imprisonment. Therefore, employees may not load personal software onto Pfenex's computer system, and may not copy software from Pfenex for personal use. All employees must contact senior management to install any software on Pfenex's computer system.

Pfenex provides employees with access to the Internet. It is important to remember that the Internet tool is provided to aid and promote our business. The sites that employees select to view, bookmark, or download from should correspond to Pfenex's business needs. Materials on the Internet may be protected by copyright laws. Copying, downloading, or printing of materials found on the Internet must avoid infringing or violating any copyrights of any third parties. Pfenex reserves the right to monitor all Internet usage.

Any employee who inappropriately uses Pfenex's communication vehicles and/or equipment may be subject to disciplinary action, up to and including termination of employment.

C. COMPANY NAMES, CHARACTERS OR SYMBOLS

All Pfenex trademark names, fanciful or copyrighted characters, other identifying symbols (including stationery materials bearing such Pfenex names, characters or symbols), and Pfenex intellectual property may only be used with authorization in connection with official, authorized Pfenex business, and may not be used by anyone to imply that Pfenex sponsors, endorses, or is affiliated or connected with any business, program, product, service, club or organization not part of or directly related to Pfenex business activities.

D. SECURITY, HEALTH AND SAFETY, SMOKING

Employees should immediately notify their manager when unknown persons are acting in a suspicious manner, in or around the facilities, or when keys, security passes, or identification badges are lost or misplaced. When employees leave work for the day, they should ensure that the door locks securely behind them as they leave. After-hours access to the workplace is limited to those employees who need to work late. If employees are going to be working past Pfenex's usual closing time, they should let their immediate managers know.

To provide for the safety and security of employees and the facilities at Pfenex, only authorized visitors are allowed in the workplace. All visitors should enter Pfenex through the lobby entrance. Visitors must sign-in using the visitor registration book. Authorized visitors must be escorted to their destinations.

In compliance with California law, and to promote the concept of a safe workplace, the Company maintains an Injury and Illness Prevention Program (IIPP), a Fire Prevention Program, and an Emergency Action Plan. Smoking (including electronic cigarettes) is not allowed in any enclosed area of the facility or within 20 feet of any door, window or air intake area. The Company or its insurer will not be liable for the payment of workers' compensation benefits for any injury that arises out of an employee's voluntary participation in any off-duty recreational, social, or athletic activity that is not part of the employee's work-related duties.

Information is provided to employees about workplace safety and health issues through regular internal communication channels such as manager-employee meetings, bulletin board postings, postings on the intranet, and memos, as well as workplace safety training. For additional information, please refer to the Pfenex IIPP.

Employees are required to obey safety rules and exercise caution in all work activities. All employees are expected to be safety-conscious and to assist in finding conditions on the premises that might cause an accident. All employees must follow all safety precautions and use necessary safety devices while

operating any Pfenex equipment and are responsible for reporting any unsafe/hazardous conditions discovered while at work to their immediate managers and the appropriate Safety Action Committee member.

Employees who violate safety standards, who cause hazardous or dangerous situations, or who fail to report such situations may be subject to disciplinary action up to and including termination of employment. Safety can only be achieved through teamwork. Employees and managers must practice safety awareness by anticipating unsafe situations and reporting unsafe conditions immediately.

In the case of accidents that result in injury, regardless of how insignificant the injury may appear, employees must notify their immediate manager or HR. If the immediate manager was first notified, the manager is responsible for notifying HR. Failure to do so may result in disciplinary action, up to and including termination of employment. Management and the HR department are responsible for investigating accidents and work-incurred injuries or illnesses.

Responsibilities of all employees include, but are not limited to:

- Obeying the safety rules;
- Following safe job procedures -- not taking a short cut;
- Keeping work areas clean and free from slipping or tripping hazards;
- Using prescribed personal protective equipment;
- Immediately reporting all malfunctions to an immediate manager or HR;
- Using care when lifting and carrying objects;
- Observing restricted areas and all warning signs;
- Knowing emergency procedures;
- Reporting unsafe conditions to immediate managers or HR;
- Promptly reporting every accident and injury to their immediate manager or HR;
- Attending all employee safety meetings;
- Participating in accident investigations.

E. DRIVING FOR PFENEX BUSINESS

From time-to-time, employees may be required to drive as part of their job. Prior to beginning any business related travel, the employee must notify the employee's immediate manager if the employee does not have a valid and current driver's license and automobile insurance so that the manager can make other travel arrangements. If an employee is required to drive a rental car, the proper insurance must be purchased. The Company shall reimburse employees for purchase of insurance in connection with cars rented for business travel (as well as the for the rental car and gas). This policy does not apply to an employee's regular commute to or from work.

F. OFF-DUTY USE OF FACILITIES AND SOLICITATION AND DISTRIBUTION OF LITERATURE

Employees may not be on Company premises or use Company facilities while not on duty. Employees may not use Company facilities, property, or equipment for personal use. Employees may not solicit or promote support for any cause or organization in work areas during their working time or during the working time of employees at whom such activity is directed. Employees may not distribute or

circulate any written or printed material in work areas at any time, or during their working time or during the working time of employees at whom such activity is directed. Under no circumstances will nonemployees be permitted to solicit or to distribute written material for any purpose on Company property.

VII. EMPLOYEE BENEFITS

A. EMPLOYEE BENEFIT PLANS

As part of our commitment to our employees and their well-being, Pfenex provides employees with a variety of benefit plans, such as medical, dental, vision, life, and AD&D insurances, short term and long-term disability, 401(k) Plan, and Section 125 benefit plans pursuant to the terms of the respective plans. Please check the Summary Plan Description(s), which can be obtained from HR, for more information. If there is any conflict between this Handbook and plan documents, the plan documents will govern. The Company reserves the right to cancel or change the benefits it offers to its employees at any time.

B. VACATION

All full-time employees are eligible to accrue vacation time. Part-time employees accrue vacation on a pro rata basis. Temporary employees do not accrue paid vacation.

Vacation can accrue up to a maximum of 1.5 times an employee’s annual accrual rate. Once this cap is reached, no further vacation will accrue until some vacation is used. Unless otherwise required by applicable law, no vacation will accrue while an employee is on a leave of absence.

Vacation time will be accrued at the following rates for all full-time employees:

Years of Service	Vacation Days For Exempt Employees	Vacation Hours For Non-Exempt Employees
0-5	15	120
6-10	20	160
11-15	23	184
16-20	25	200
21-25	27	216
26+	30	240

Vacation time must be pre-approved by the employee’s manager and noted on the employee’s time allocation forms. In order to ensure that staffing remains at reasonable levels and that business operations are not compromised.

California employees are paid out for accrued, but unused, vacation, upon termination of employment, in accordance with California law.

C. HOLIDAYS

For the Pfenex holiday schedule, please refer to the published schedule for the applicable year that is posted on the intranet. Holidays that fall during a scheduled vacation do not count as a vacation day used. To be eligible for holiday pay, non-exempt employees must be regularly scheduled to work on the day on which the holiday is observed and must work their regularly scheduled working days

immediately preceding and immediately following the holiday, unless an absence on either day is approved in advance, in writing, by the employee's manager.

D. FLEXIBLE SICK LEAVE (FSL)

Flexible Sick Leave ("FSL") is paid time off that allows employees to take the time they want to recover from illness and for other reasons allowed under applicable paid sick leave laws. Employees who have advance notice of their need to use FSL should provide their supervisors with reasonable advance notice of such use and coordinate with their supervisors to make sure all necessary work gets done. Notwithstanding the foregoing, an employee will not be required to find a replacement for the employee while the employee is using FSL. Employees who are untruthful about their use of FSL may be subject to disciplinary action, up to and including termination of employment.

Employees may use FSL if: the employee is physically or mentally unable to perform the employee's work duties due to illness, injury, or a medical condition of the employee; the employee's absence is for the purpose of obtaining professional diagnosis or treatment for a medical condition of the employee; the employee is seeking preventative care for the employee; the employee's absence is for other medical reasons of the employee, such as pregnancy or obtaining a physical examination; the employee is providing care or assistance to a family member (4) with an illness, injury, or medical condition, including assistance in obtaining diagnosis, care, or treatment of a medical condition; the employee is assisting a family member in seeking preventative care; the employee or a family member of the employee is a victim of domestic violence, sexual assault (5), or stalking (as defined in the California Penal Code), and the leave is for medical attention needed to recover from physical or psychological injury or disability caused by such domestic violence, sexual assault, or stalking, services from a victim services organization, psychological or other counseling, relocation due to the domestic violence, sexual assault, or stalking, and/or legal services, including preparing for or participating in any civil or criminal legal proceeding relating to or resulting from the domestic violence, sexual assault, or stalking; the Company is closed by order of a public official due to a public health emergency, or the employee is providing care or assistance to a child whose school or child care provider is closed by order of a public official due to a public health emergency; and/or any other reason required/allowed by applicable law.

If employees are out sick for more than three days or if absences for sickness will be continually intermittent, employees must let Human Resources know because employees in these situations may need to transition to another type of leave of absence. Employees may not use FSL for more than six consecutive work days (or 48 consecutive scheduled hours of work). Employees who use sick leave for three consecutive work days (or 24 consecutively scheduled work hours) must provide HR with

⁴ For purposes of this policy, family member includes a child (biological, adopted, step, foster, legal ward, or person to whom the employee stands in loco parentis), spouse, parent (biological, adoptive, foster, step, legal guardian or person who stood in loco parentis to the employee when the employee was a minor), grandparent, grandchild, sibling (half, whole, step, or adopted), a spouse's child (as child is defined in this footnote), and a spouse's parent (as parent is defined in this footnote).

⁵ Sexual assault means rape or sexual battery as defined in the California Penal Code.

substantiation of their need for sick leave (e.g., doctor's note, proof of court hearing related to domestic violence, therapist's note, etc.).

If an employee is on an (or eligible for an) otherwise paid or unpaid leave of absence, FSL does not apply to the absence and employees will not receive their regular pay under this policy. Examples of leaves of absence that are not considered paid FSL under this policy include:

- Short or Long Term Disability
- Workers' Compensation leave
- Any leave during which an employee receives any city, state or federally provided financial benefit
- Leave as an accommodation under the ADA or similar state law
- Leave under the Family and Medical Leave Act or California Family Rights Act
- Pregnancy Disability Leave after an employee has used six paid sick days in any calendar year
- Crime Victims Leave after an employee has used six paid sick days in any calendar year

If an employee's absence may qualify for any of the above types of leave, the employee must contact HR.

E. WORKERS' COMPENSATION

The Company, in accordance with state law, provides insurance coverage for employees in case of work-related injury. To ensure that employees receive the workers' compensation benefits to which they may be entitled, employees need to: (1) report any work-related injury to their supervisor as soon as practicable; (2) seek medical treatment and follow-up care if required; and (3) complete a written Employee's Claim Form (DWC Form 1) and return it to HR. Employees must provide the Company with a certification from their health care provider regarding the need for workers' compensation disability leave and their ability to return to work from the leave. Upon submission of a medical certification⁶ that the employee is able to return to work, the employee will be offered the same position held at the time of leaving, unless the job has been filled in order to avoid undermining the Company's ability to operate safely and efficiently, or if the employee is not capable of performing the job responsibilities upon return. If the employee's former position is not available, a substantially similar position will be offered unless there is no substantially similar position available, or filling the available position would substantially undermine the Company's ability to operate safely and efficiently, or if the employee is not capable of performing the job responsibilities. If, after returning from workers' compensation disability leave, an employee is unable to perform the essential functions of the job because of a physical or mental condition, the Company's obligations to employees may include reasonable accommodation, as governed by applicable laws.

⁶ Any medical certification provided by an employee for any reason should not include genetic information.

VIII. LEAVE POLICIES

A. PERSONAL LEAVE OF ABSENCE

A personal leave of absence without pay may be granted to regular full-time employees at the sole discretion of the Company. Requests for personal leave should be limited to unusual circumstances requiring an absence of longer than two weeks. Approved personal absences of shorter duration are not normally treated as leaves, but rather as excused absences without pay. Any leave taken under this provision that qualifies as leave under the state and/or federal FMLA/CFRA leave acts, will be counted as FMLA/CFRA leave and charged to employees' entitlement of 12 workweeks of FMLA/CFRA leave in a 12-month period. Employees must submit a request for leave of absence, in writing, to their supervisor. Supervisors will forward the request for final approval to HR with a written recommendation. Employees are expected to request leave of absence with as much advance notice as possible. The Company reserves the right to deny requests for leave of absence. Employees must keep their supervisor and HR advised of the leave situation and contact their supervisor at least one week prior to the expiration of the approved leave to discuss return to work. If employees are not prepared to return to work and desire an extension of the leave of absence or voluntary termination of employment, they should report this as soon as possible.

Accrued vacation must be used during a leave of absence whenever permissible under applicable law. Employees will receive a paycheck during the leave, so long as employees have accrued vacation available. When employees have used up all accrued vacation or if employees have no accrued vacation, then the leave is unpaid. No vacation or holiday hours are earned during the leave period.

The Company will continue to provide life insurance and disability insurance after employees begin the unpaid leave, subject to the requirements of the insurance carriers. The Company will pay for health care and dental insurance coverage (if such insurance was provided before the leave was taken) after employees begin unpaid leave in accordance with the Company's plan (and employees must pay their share of the premium.) Employees who cannot receive health care coverage through the Company's plan will be offered the opportunity to enroll in the COBRA program, subject to the eligibility requirements of the COBRA plan and applicable law.

The Company will make a reasonable effort, consistent with good business practices and Company needs, to reinstate employees to the same position they previously occupied, or to a similar position, following a personal leave of absence; however, the Company does not guarantee reinstatement if employees' same or a similar position is not available at the time employees desire to return to work. The Company reserves the right to offer employees another position, which may be a lower-level position, if one is available, at the appropriate salary for the position. An exception to this rule is where employees are guaranteed reemployment rights under federal or state laws. Employees on a personal leave of absence who fail to return to work according to the pre-approved plan will be terminated effective their last day of work or paid leave (vacation or personal), whichever is later.

B. FMLA/CFRA LEAVE

This policy applies only to "covered employers" under the federal Family and Medical Leave Act ("FMLA") and the California Family Rights Act ("CFRA"). A "covered employer" is one which has 50 or more employees during each of any 20 or more calendar weeks in the current calendar year or

the preceding calendar year. If, at any time, the Company is not considered a “covered employer” under the terms of the statute, the Company will no longer be obligated to provide leave under FMLA or CFRA.

Employees who are eligible for FMLA/CFRA leave may use such leave: (a) to care for the employee’s spouse, child, or parent with a serious health condition; (b) because the employee’s own serious health condition makes the employee unable to perform the essential functions of the employee’s position; (c) to care for the employee’s newborn child, or a child placed with the employee for foster care or adoption; or (d) for military-related reasons as detailed in this Handbook and provided by law (the “Eligible Reasons”).

Employees who are eligible for FMLA/CFRA leave are those employees who: (1) have worked for the Company for at least 12 months prior to the date on which the leave is to commence; (2) have worked at least 1,250 hours during the 12-month period preceding the leave; (3) are employed at a worksite – or part of a contiguous worksite – where the Company maintains on the payroll (as of the date of the leave request), at least 50 part- or full-time employees within 75 miles (measured in road miles) of the worksite where employees requesting the leave are employed. Employees who work remotely may be eligible for FMLA/CFRA if the office to which such remote employees report and/or from which assignments are made has 50 or more employees working within 75 miles of its location; and (4) are using FMLA/CFRA leave for one or more Eligible Reasons. Eligible employees may take up to a maximum of 12 workweeks of unpaid FMLA/CFRA leave within a 12-month period.

Pregnant employees may have the right to take a pregnancy disability leave in addition to FMLA/CFRA leave; such employees should review the Company’s Pregnancy-related Disability Policy and contact HR regarding their individual situation. Leave taken under the pregnancy disability policy runs concurrently with FMLA, but not CFRA. Time off from work because of an employee’s disability due to pregnancy, childbirth, or related medical condition is counted as time used for FMLA leave, but not counted as time used for CFRA leaves. (PDL runs concurrently with FMLA, but FMLA is limited to 12 weeks.) Eligible California-based employees who become pregnant are entitled to up to four months of pregnancy disability leave, followed by 12 weeks of CFRA leave to bond with the newborn child.

Employees may take FMLA/CFRA leave intermittently (in blocks of time, or by reducing their normal weekly or daily work schedule) if the leave is for the serious health condition of the employee or the employee’s child, parent, spouse, or registered domestic partner, and the reduced leave schedule is medically necessary as determined by the health care provider of the person with the serious health condition. The smallest increment of time that can be used for such leave is the smallest increment used for time-keeping purposes and other leaves. In no event will the increment of leave be greater than one hour. Any leave taken for the birth, adoption, or foster care placement of a child does not have to be taken in one continuous period of time. FMLA/CFRA leave taken for the reason of birth or placement of a child will be granted in minimum amounts of two weeks; however, the Company will grant a request for a FMLA/CFRA leave (for birth/placement of a child) of at least one day but less than two weeks duration on any two occasions.

If the event necessitating the leave is based on the expected birth, placement for adoption, or foster care of an employee’s child, or planned medical treatment for a serious health condition of employees or a family member, employees must provide at least 30 days’ advance notice before the leave is to

begin. Employees must consult with the Company regarding the scheduling of any planned medical treatment or supervision so as to minimize disruption to the operations of the Company. Any such scheduling is subject to the approval of the employee's health care provider or the health care provider of the employee's child, parent, or spouse. If 30 days' notice is not practicable, notice must be given as soon as practicable. Failure to comply with these rules is grounds for, and may result in, deferral of the required leave until the employee complies with this notice policy. If an unforeseen need for FMLA/CFRA leave arises, employees are required to follow the Company's standard absence notice procedures, including calling their supervisor at least one hour before the employee's scheduled start time, unless unusual circumstances prevent the employee from doing so. Employees who fail to follow the Company's standard absence notice procedures may be subject to discipline, up to and including termination of employment.

The Company requires employees to provide certification as explained below, within 15 days of the employee's request for FMLA/CFRA leave, unless it is not practicable for employees to do so. If the Company determines a medical certification is incomplete or insufficient, the Company will provide the employee with written notice of the deficiencies, and the employee will have seven days to repair the deficiency. If the employee does not repair the deficiency within the allocated seven day time frame, the Company may deny the FMLA/CFRA leave request. Upon expiration of the estimated time needed for the leave set forth in the certification, the leave will automatically terminate and the employee will be expected to return to work. If additional leave is required, employees must, prior to expiration of the leave, submit additional certification to the Company, as set forth below. If employees fail to return to work immediately after the approved leave expires, they will be considered to have voluntarily resigned from the Company.

If the leave is needed to care for a sick child, spouse, or parent, the employee must provide a certification from a health care provider that states the: date of commencement of the serious health condition; probable duration of the condition; estimated amount of time the health care provider will provide care; and confirmation that the serious health condition warrants the participation of the employee. If the leave is needed for an employee's own serious health condition, the employee must provide certification from a health care provider that states the: date of commencement of the serious health condition; probable duration of the condition; and employee is unable to perform one or more of the essential functions of the employee's position because of the employee's serious health condition.

The Company requires certification by an employee's health care provider that the employee is fit to return to work. Failure to provide this certification will result in the denial of reinstatement until such time as the certificate is obtained. If employees do not provide the certification within three business days after the employee's scheduled return date, the employee will be considered to have voluntarily resigned from the Company. The Company may ask for recertification from the employee's health provider in accordance with applicable law. For example, if an employee's medical condition lasts longer than one year, the Company may request a new certification from the employee's health care provider every 12 months. If an employee actually is absent from work due to an ongoing medical condition covered under this policy, the Company may ask for a new certification from the employee's health care provider every six months.

If the FMLA request is because of the employee's own serious health condition, and the Company has reason to doubt the veracity of the certification, the Company may require, at its expense, a second

opinion from a health care provider designated by the Company. Under the CFRA, if the request is because of the employee's own serious health condition, and the Company has a good faith, objective reason to doubt the validity of the medical certification, it may seek a second opinion, as described above. For both FMLA and CFRA requests, the health care provider designated to provide a second opinion will not be one who is employed on a regular basis by the Company. If the second opinion differs from the first opinion, the Company may require, at its expense, that employees obtain the opinion of a third health care provider designated or approved jointly by the Company and employees. The opinion of the third health care provider will be considered final and binding.

Any FMLA/CFRA leave granted to eligible employees will be considered as part of the 12-workweek entitlement in a 12-month period. This 12-month period is a "rolling" 12-month period that is measured backward from the date an employee uses any FMLA/CFRA leave, such that an employee's leave entitlement is any balance of the 12-workweek entitlement that has not been used during the immediately preceding 12 months. A leave taken to care for an employee's newborn child or a child placed with the employee for foster care or adoption must be concluded within one year of the birth or placement of the child with employees. There is no carryover of unused leave from one "rolling" 12-month period to the next "rolling" 12-month period.

Upon return from FMLA/CFRA leave, employees will be reinstated to their original job, or to an equivalent job with equivalent pay, benefits, and other employment terms and conditions subject to any defense to reinstatement allowed under the law. In addition, use of FMLA/CFRA leave will not result in the loss of any employment benefit that an employee earned or was entitled to before using the leave. As more fully described below, employees on FMLA/CFRA leave will not continue to accrue employment benefits, such as vacation benefits, during unpaid FMLA/CFRA leave.

Reinstatement after FMLA/CFRA Leave may be denied to certain salaried "key" employees: who are among the highest paid 10 percent of salaried employees who are employed within 75 miles of the worksite at which employees are employed at the time of leave request; and when the refusal to reinstate is necessary because employees' reinstatement will cause substantial and grievous economic injury to the Company's operations; and when employees are notified of the Company's intent to refuse reinstatement at the time the Company determines the refusal is necessary; and in any case in which leave has already begun, the Company will give employees a reasonable opportunity to return to work following the notice described above.

Employees on FMLA/CFRA Leave are not permitted to take on any other employment, even on a temporary basis, without written authorization from the Company. To do so will result in termination of employment. The Company will not discriminate against employees or applicants as a result of the approved use of FMLA/CFRA leave or a proper request for such leave.

No vacation or sick leave hours or holiday hours are earned during the leave period. Accrued vacation may be used during FMLA/CFRA leave, and the Company may require such use under certain circumstances, as allowed by applicable law. If the leave is for the employee's own serious health condition or the serious health condition of the employee's family member, employees may use any accrued sick leave during FMLA leave. Employees will receive a paycheck during the leave, so long as employees have accrued vacation or sick leave available and use the accrued vacation or sick leave. When employees have used up all accrued vacation or sick leave, or if employees have no accrued vacation or sick leave, then the leave is unpaid. Employees in California may be eligible for partial

wage reimbursement from California's State Disability Insurance ("SDI") or Paid Family Leave Insurance ("PFL").

Employees will be allowed to continue participating in any health and welfare benefit plans in which they were enrolled before the first day of the leave, generally for a maximum of 12 weeks while on FMLA/CFRA leave. Eligible employees may also be entitled to additional benefit continuation during PDL. (See below). The continued participation in health benefits begins on the date unpaid leave first begins under FMLA (*i.e.*, for pregnancy disability leaves) or under FMLA/CFRA (*i.e.*, for all other family care and medical leaves). Employees continue to be responsible for their portion of the insurance premium. Payment is due at the same time as it would be if made by payroll deduction. Alternatively, at an employee's request, premium payments may be paid in one lump-sum at the beginning of the leave period or on a monthly basis. In some instances, the Company may recover premiums paid to maintain health coverage for employees who fail to return to work following FMLA/CFRA leave.

C. PREGNANCY DISABILITY LEAVE POLICY

This policy applies so long as the Company has five or more employees and so long as at least one of those employees is in California. Pregnancy-related disability leave refers to a period when employees take time off work because they are disabled by pregnancy, childbirth, or related medical conditions. Employees of the Company who are disabled by pregnancy, childbirth, or related medical conditions are eligible to take an unpaid pregnancy disability leave ("PDL") of up to four months. PDL may include time off for prenatal care, severe morning sickness, doctor-ordered bed rest, childbirth, and recovery from childbirth. PDL is separate and distinct from the Company's FMLA and CFRA policies. Employees who are eligible for PDL may also be eligible to take a leave under the Company's FMLA/CFRA policy. Leave taken under PDL runs concurrently with FMLA but not CFRA. The maximum combined leave that employees may take under the Company's PDL policy and the FMLA/CFRA policy is four months (PDL), plus 12 weeks (CFRA). PDL leave need not be taken in one continuous period.

Employees should advise HR of their intent to take pregnancy disability leave as soon as possible. The notice (which can be verbal) should include the anticipated timing and duration of the leave or transfer. If the need for leave or transfer is foreseeable, employees must provide at least 30 days' advance notice before the pregnancy disability leave or transfer is to begin. Employees must consult with HR regarding the scheduling of any planned medical treatment or supervision so as to minimize disruption to the operations of the Company. Any such scheduling is subject to the approval of the employee's health care provider. If 30 days' advance notice is not possible, notice must be given as soon as practicable. Failure to comply with these rules is grounds for, and may result in, deferral of the required leave until the employee complies with this notice policy.

Employees may request a transfer to a less strenuous position or less strenuous duties where the transfer is medically advisable. Transfer requests will be granted to the extent the Company can reasonably accommodate the request. Employees requesting an intermittent leave or reduced schedule leave may be transferred, at the Company's discretion, to a position more suited to such a leave for which the employee is qualified. The position to which an employee is transferred will have the same pay and benefits as the employee's former position.

Pregnancy leave will usually begin when ordered by employees' physician. Employees must provide the Company with a certification from a health care provider. The certification indicating disability should contain: the date on which the employee became disabled due to pregnancy; the probable duration of the period or periods of disability; and a statement that, due to the disability, the employee is unable to perform one or more of the essential functions of the employee's position without undue risk to the employee, the successful completion of the pregnancy, or to other persons. Recertifications are required if leave is sought after expiration of the time estimated by the health care provider. Failure to submit required recertifications can result in termination of the leave. The Company will require certification by the employee's health care provider that the employee is fit to return to work. Failure to provide this certification will result in denial of reinstatement until such time as the certificate is obtained. If an employee fails to return to work immediately after the approved pregnancy leave expires, or fails to provide the certification stating that the employee is fit to return to work within three days after returning to work, the employee will be considered to have voluntarily resigned.

Leave may be taken intermittently or on a reduced work schedule when medically advisable. The smallest increment of time that can be used for such leave is the smallest increment used for time-keeping purposes and other leaves. In no event will the increment of leave be greater than one hour. Employees on PDL are not permitted to take on any other employment, even on a temporary basis, without written authorization from the Company. The Company will not discriminate against employees or applicants as a result of the approved use of PDL or a proper request for such leave.

Authorized PDL leave is unpaid by the Company, but employees may be eligible for partial wage reimbursement from California's SDI. See HR for more information. Any accrued sick leave may be used during PDL. No vacation or sick leave hours or holiday hours are accrued during the leave period. Employees may use accrued vacation or personal leave hours during the leave period. If employees choose to use vacation, it is their responsibility to notify HR of their option in writing.

Employees who take PDL will be allowed to continue participating in any health and welfare benefit plans in which they were enrolled before the first day of the leave. The continued participation in health benefits begins on the date unpaid leave first begins under PDL. Employees remain responsible for their portion of the insurance premium. Payment is due at the same time as it would be if made by payroll deduction. Alternatively, at the employee's request, the premium payments may be paid in one lump-sum at the beginning of the leave period or on a monthly basis. In some instances, the Company may recover premiums paid to maintain health coverage for employees who fail to return to work following PDL. Employees will be allowed to continue to participate in the life benefit plans for the same period.

Employees returning from PDL will be offered the same position they held at the time of leaving, unless the job no longer exists or preserving the job would substantially undermine the Company's ability to operate safely and efficiently. If the employee's former position is not available, an equivalent position will be offered unless there is not an equivalent position available or filling the available position with the employee would substantially undermine the Company's ability to operate safely and efficiently.

D. MILITARY LEAVE

In accordance with federal law, employees may take a leave of absence to perform services in the U.S. uniformed services (Army, Navy, Marine Corps, Air Force, and Coast Guard). Such a leave of absence may not exceed five years of cumulative military service.. Generally, a military leave of absence is unpaid, although employees may utilize available vacation to provide continued compensation during the leave. If employees participate in annual military training, employees may apply any available vacation to the leave if they wish. When the need for military leave is foreseeable, employees must notify their manager as far in advance as possible. If employees have written authorization from their military branch for the leave, employees should provide it when they request leave. Employees on federal military leave whose service period is 30 days or fewer may continue their health insurance benefits and will only be required to pay their normal share of the premium. If employees are required to serve for longer than 30 days, they may elect to continue their health insurance benefits for a period of 24 months after the absence begins or the time of the service, whichever is shorter. In the event of such longer service, employees will be required to pay for the entire employer (and employee) premium. Upon completion of duties, so long as the employee was not separated from the U.S. uniformed services with a disqualifying discharge or under other than honorable conditions, an employee will be reinstated into the employee's former position or another position of equal pay and status, consistent with applicable laws. The length of time employees have to report to work after military leave ends depends on the type of leave taken. Please contact HR for more information.

The Company also offers employees who are spouses and registered domestic partners of actively deployed members of the National Guard or Reserves up to 10 days of unpaid leave while their spouse or registered domestic partner is on home leave from military deployment during a period of military conflict. This leave is also provided to employees who are spouses and registered domestic partners of actively deployed members of the Armed Forces who have been deployed during a period of military conflict to an area designated as a combat theater or combat zone. In order to qualify for this leave, employees must meet the following requirements: 1) work for the Company for an average of 20 or more hours per week; 2) notify their supervisor of their intent to take the leave within two days of receiving notice that their spouse or registered domestic partner will be on leave from deployment; and 3) submit written documentation to HR certifying that their spouse or registered domestic partner will be on leave from deployment during the requested leave.

Military Caregiver Leave

If the Company must provide FMLA leave, then the Company will provide employees who are the spouse, registered domestic partner, child, parent, or next of kin of a covered servicemember who has a serious injury or illness to take up to 26 weeks of unpaid FMLA leave to provide care for the servicemember. Family members may take up to 26 weeks in a "single 12-month period,"⁷ with continued benefits coverage, to care for a covered servicemember who has a serious illness or injury incurred or aggravated in the line of duty, while on active duty in accordance with applicable law. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or Reserves, who is undergoing medical treatment, recuperation, or therapy, is otherwise in outpatient status, or is otherwise on the temporary disability retired list, for a serious injury or illness

⁷ The applicable 12-month period for this leave may be different than the period applicable to other FMLA leaves.

incurred in the line of duty on active duty. Also included are veterans who are currently undergoing medical treatment, recuperation, or therapy for a serious injury or illness incurred or aggravated in the line of duty on active duty and that manifested before or after the veteran left active duty. Eligible veterans must have been discharged from the Armed Forces, including the National Guard and Reserves, within the five-year period before the eligible employee takes FMLA military caregiver leave to care for the veteran. Eligible employees are limited to a combined total of 26 weeks of leave for any FMLA-qualifying reason during the “single 12-month period;” however, only 12 of the 26 weeks total may be used for a FMLA-qualifying reason other than to care for a covered servicemember.

Qualifying Exigency Leave

If the Company is required to provide FMLA leave, then the Company will provide eligible employees with up to 12 weeks of unpaid leave, with benefits continuation, under FMLA for a “qualifying exigency” to help manage the affairs of a soldier or a soldier’s family before, during, or after deployment. Qualifying exigencies include short-notice deployment, military events, child care and school activities, financial and legal arrangements, counseling, rest and recuperation, post-deployment activities, and any additional activities negotiated between employers and employees. In addition, eligible employees may take leave to provide care to a servicemember’s parent, who is incapable of self-care, when such care is made necessary by the servicemember’s covered active duty. Eligible employees are employees with a spouse, child, or parent in the National Guard and Reserves or in the Regular Armed Forces on covered active duty. Covered active duty means duty during the deployment of the military member with the Armed Forces to a foreign country. Eligible employees who wish to take leave to care for an injured servicemember or for a “qualifying exigency” must satisfy all other terms and conditions required to take FMLA leave. Likewise, all other terms of the FMLA policy will be applicable for FMLA military leaves to the extent permitted by applicable law. The hours requirement for FMLA leave may be satisfied by military service. For more information, please contact HR.

E. BEREAVEMENT LEAVE

Pfenex recognizes that the death of a family member can be a difficult time. In the event of death in the immediate family of regular full-time employees, employees may take up to three consecutive work days off with pay with the approval of the Company. In this policy, immediate family includes the employee’s current spouse, registered domestic partner, child, parent, legal guardian, brother, sister, grandparent, grandchild, or mother-, father-, sister-, brother-, son-, or daughter-in-law.

F. JURY DUTY

The Company encourages employees to serve on jury selection or jury duty when called. Regular full-time employees will receive full pay while serving up to five days of jury duty (less amounts received from other sources for the jury duty). Employees should notify their manager of the need for time off for jury duty as soon as a notice or summons from the court is received. Employees may be asked to provide written verification from the court clerk of having served. If work time remains after any day of jury selection or jury duty, employees must return to work for the remainder of the employee’s work schedule. The Company will provide regular part-time and temporary employees time off to serve on jury duty, but they are ineligible for compensation for time served on jury duty. In no case

will the salary of an exempt employee be reduced for any week in which the employee works and also misses time to serve on jury duty.

G. WITNESS DUTY

Employees, including crime victims, may take time off to appear in court to comply with a subpoena or court order as a witness. Employees should notify their manager of the need for time off for witness duty as soon as possible. Employees may be asked to provide written verification of the need for witness duty. If work time remains after any day of witness duty leave, employees must return to work for the remainder of the day. Witness duty leave is unpaid; however, in accordance with law, exempt employees who perform work during a workweek will be paid for that entire week. The Company will not discriminate or retaliate against employees due to their request for or taking of witness duty leave.

H. TIME OFF FOR VOTING

Employees may take time off if they do not have sufficient time outside of working hours to vote in a statewide election. Such time off should be taken at the beginning or end of the regular working shift, whichever allows for more free time, and the time off should be combined with the voting time available outside of working hours. Under these circumstances, employees will be allowed a maximum of two hours on the election day without loss of pay. Deductions will not be made from the salary of exempt employees for time taken off for voting. Where possible, employees should give their manager at least two days' notice that time off to vote is needed.

I. DOMESTIC VIOLENCE LEAVE

The Company allows employees who have been the victim of domestic violence to take leave as required by law to: (1) seek medical attention; (2) obtain or attempt to obtain any relief, including, but not limited to, a temporary and/or permanent restraining order; (3) obtain psychological counseling; and/or (4) participate in safety planning to increase safety from future domestic violence. Employees must provide reasonable advance notice of the need for such leave. If advance notice is not practical, employees who take leave due to domestic violence may be required to provide certification verifying the need for the absence, including, but not limited to, a police report, a court order, a doctor's note, or some other form of documentation. Employees who take approved leave due to domestic violence must utilize existing accrued vacation for the absence. If accrued vacation is not available, the leave is unpaid. Employees may also use any accrued paid sick leave for any absence under this policy. The Company will treat an employee's request for domestic violence leave with the utmost confidentiality. The Company will not discriminate against employees who request (or take) a leave of absence due to domestic violence.

J. SCHOOL ACTIVITIES LEAVE

Parents, guardians, stepparents, foster parents, employees who stand in *loco parentis* to a child, or grandparents having custody of one or more children may take unpaid time off if those children are in grades K-12 or with a licensed child care provider to: (1) participate in activities of their child's school or licensed child care provider; (2) address a school or child care provider emergency when their child cannot remain with a child care provider or in school due to the following reasons – (a) the child care provider or school has asked that the child be picked up, or has an attendance policy, excluding planned holidays, that prohibits the child from attending or requires the child to be picked up from the school

or child care provider; (b) behavioral or discipline problems, or natural disasters; (c) closure or unexpected unavailability of the school or child care provider (excluding planned holidays); (d) a natural disaster, including, but not limited to, fire, earthquake, or flood; or (3) find, enroll, or reenroll a child in school or with a child care provider. Time off under this leave cannot exceed eight hours in a calendar month (unless employees are using the time off to address a child care provider or school emergency) and cannot exceed 40 hours per year. Prior to using such leave, employees must provide as much advance notice as possible to their supervisor. If both parents are employed by the Company, only the first employee to request this leave is guaranteed to receive the time off. Employees who take time off under this policy must utilize any existing vacation for the absence. If requested by the Company, employees must provide their managers with documentation from the school that indicates that employees participated in a school activity on the day of the absence for that purpose. The Company will not discriminate or retaliate against employees who request or take a leave of absence for school activities.

K. SCHOOL APPEARANCE LEAVE

Employees who take time off to appear at their child's or ward's school in connection with a suspension will not be discriminated or retaliated against. Such time off will be unpaid.

L. ORGAN AND BONE MARROW DONOR LEAVE

Employees may use paid leave to donate an organ or bone marrow to another person. Organ donors may take a paid leave of absence of up to 30 business days in a 12-month period. Employees must use up to two weeks of accrued but unused vacation and/or sick leave, if available, during the leave of absence for organ donation. Bone marrow donors may take a paid leave of absence of up to five business days in a 12-month period. Employees must use up to five days of accrued vacation and/or sick leave during leave for bone marrow donation. Employees requesting this leave must provide HR with written verification of the need for donation leave. Such verification must state that employees are a bone marrow or organ donor and that the donation is medically necessary. Employees will remain eligible for health insurance coverage as if they were active employees during any organ or bone marrow donation leave. Leave under this policy may be taken in one or more period(s) of time. Employees returning from organ or bone marrow donation leave will be reinstated to the same position they held prior to taking leave or to a position with equivalent seniority, benefits, and pay. Employees will not be discriminated or retaliated against for taking or requesting organ or bone marrow donation leave.

M. VOLUNTEER CIVIL SERVICE LEAVE AND CIVIL AIR PATROL LEAVE

Volunteer firefighters, reserve peace officers, and emergency rescue personnel may take unpaid time off to perform emergency duty. Volunteer firefighters, reserve peace officers, and emergency rescue personnel, may take off up to a total of 14 days per calendar year to engage in fire, law enforcement, or emergency rescue training. Volunteer firefighters, reserve peace officers, and emergency rescue personnel will not be discriminated against or retaliated against due to their civil service or their use of emergency duty leave.

Employees who are volunteer members of the California Wing of the civilian auxiliary of the U.S. Air Force Civil Air Patrol and who are responding to an emergency operation mission, as defined by law,

may take up to 10 days of unpaid time off per year. This time off cannot be taken in more than three day increments, unless the emergency is extended by the entity in charge of the operation, and the Company authorizes a longer period of leave. Employees will not be discriminated or retaliated against due to their membership in the Civil Air Patrol or their request or use of civil air patrol leave. Employees taking civil air patrol leave may be asked to provide certification of their eligibility for leave.

N. CRIME VICTIMS LEAVE

Employees who are victims of a violent felony, serious felony, felony theft, or felony embezzlement (or whose immediate family member is a victim of one of those crimes) may take time off to appear in court to attend judicial proceedings related to the crime. Where practicable, employees taking such leave must provide the Company with notice of the scheduled proceeding (as provided by the court, prosecuting office, or victim advocate office). In this policy, immediate family means spouse, registered domestic partner, child, stepchild, child of registered domestic partner, sibling, step-sibling, parent, or step-parent. This leave is unpaid unless employees are using accrued sick leave or vacation.

Employees who have suffered direct or threatened physical, psychological, or financial harm as a result of the commission or attempted commission of vehicular manslaughter while intoxicated, felony child abuse likely to produce great bodily harm or death, assault resulting in the death of a child under eight years of age, felony domestic violence, felony physical abuse of an elder or dependent adult, felony stalking, solicitation for murder, a serious felony (*e.g.*, kidnapping, rape, assault), hit-and-run causing injury or death, felony driving under the influence causing injury, or specified sexual assault, may take time off to attend any proceedings related to that crime or delinquent act. Where practicable, employees must provide the Company with reasonable advance notice of the need for such time off. Such notice can consist of: a police report indicating that employees were the victim of one of the above-specified offenses; a court order protecting or separating employees from the perpetrator of one of the above offenses; documentation verifying that employees were undergoing treatment for physical or mental injuries or abuse as a result of being a victim of one of the above-listed offenses. Such documentation can come from a medical professional, domestic violence advocate, sexual assault victim advocate, health care provider, or counselor. Such leave will be unpaid, but employees may use their accrued vacation while on leave. The Company will maintain the confidentiality of employees taking leave for the above-mentioned reasons in this paragraph.

Please sign the acknowledgment form below and return it to David Pollak. This will let the Company know that you have received the handbook. It is your responsibility to read and understand the contents of this handbook.

EMPLOYEE HANDBOOK ACKNOWLEDGMENT AND AGREEMENT

This is to acknowledge that I have received a copy of the Company's Employee Handbook and understand that it sets forth the terms and conditions of my employment, as well as the duties, responsibilities, and obligations of my employment with the Company. I understand and agree that it is my responsibility to read and familiarize myself with the provisions of the Employee Handbook and to abide by the rules, policies, and standards set forth in the Employee Handbook. I also acknowledge that, except for the policy of at-will employment, the terms and conditions set forth in this handbook may be modified, changed, or deleted at any time without prior notice to me and other employees, provided such changes are in writing and approved by the Chief Executive Officer of the Company. Any agreement of any kind pertaining to my employment must be in writing. I further acknowledge that I have received, read, and understood the Company's Technology Systems policy regarding the right of the Company to monitor usage of all Technology Systems of the Company. I also acknowledge that my employment with the Company is not for a specified period of time and can be terminated at any time for any reason, with or without cause or notice, by me or by the Company. I acknowledge that no statements or representations regarding my employment can alter the foregoing. As to the circumstances in which employment may be terminated, this is the entire agreement between me and the Company; there are no oral or collateral agreements of any kind.

I agree to abide by the terms of the At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement executed by me and the Company. I further agree, in accordance with the Company's arbitration policy set forth in this Handbook and the Company's At-Will Employment, Confidential Information, Invention Assignment, and Arbitration Agreement executed, that I will submit any dispute arising under or involving my employment with the Company or the termination of my employment to binding arbitration, and I hereby expressly waive any right to a trial by jury. I agree that arbitration is the exclusive forum for resolving all disputes arising out of or involving my employment with the Company or the termination of that employment.

In addition, I acknowledge that I have received a copy of the Company's policy prohibiting discrimination, harassment, and retaliation, and understand the Company's policy that there be no discrimination or harassment against any employee or applicant for employment on the basis of race, color, religion (including, but not necessarily limited to, religious creed, dress, and grooming practices), citizenship, political activity or affiliation, marital status, age (40 and over), national origin (including, but not necessarily limited to, language use and possession of a driver's license issued to undocumented persons unable to obtain a driver's license under federal law), ancestry, mental or physical disability (including, but not necessarily limited to, HIV and AIDS disabilities), genetic information, medical condition (including, but not necessarily limited to, cancer), military and veteran status, sexual orientation, gender identity, gender expression, sex, gender, pregnancy, taking or requesting statutorily protected leave, or any other characteristics protected under applicable federal, state, or local laws. I understand the Company is committed to a work environment free of harassment and discrimination, and that the Company specifically prohibits retaliation whenever an employee or applicant makes a good-faith complaint that they have been subjected to harassment or discrimination. Accordingly, I specifically agree that to the extent I am the subject of any conduct which I view to constitute harassment, discrimination, or retaliation or which is otherwise in violation of the Company's policy prohibiting discrimination, harassment, and retaliation, I will immediately report such conduct to HR, the CEO, my supervisor, or a management-level employee with whom I feel comfortable. I understand and agree that to the extent I do not use the grievance procedures outlined herein or in the Company's policy prohibiting discrimination, harassment, and retaliation, the Company has the right to presume that I have not been subjected to any harassment, discrimination, or retaliation, and/or that I have welcomed the conduct.

Finally, I have carefully and thoroughly read the Company's Alcohol and Drug Abuse Policy. I agree, without reservation, to abide by the terms of that policy. I further agree to notify the Company of any conviction for any criminal drug statute violation occurring in the workplace no later than five days after such conviction. I understand that abiding with the terms of this Alcohol and Drug Abuse Policy and notifying the Company of workplace-related drug convictions are conditions of my employment. I understand that any violation of the policy will result in disciplinary action, up to, and including, immediate termination of employment.

Employee's Signature:

Employee's Name (printed):

Date: