

UNIVERSIDAD DEL SAGRADO CORAZÓN SAVINGS PLAN
(formerly Universidad del Sagrado Corazón 1165(e) Plan)

Restated Effective as of July 1, 2020

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**UNIVERSIDAD DEL SAGRADO CORAZÓN SAVINGS PLAN (formerly
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INTRODUCTION

The Universidad del Sagrado Corazón Savings Plan (the “Plan”) provides a means for full-time employees of the Universidad del Sagrado Corazón (“Sagrado”, the “Employer or the “Company”) to save money through payroll deduction.

The Plan allows Participants the flexibility to choose to invest their contributions among a variety of Investment Funds.

Effective as of July 1, 2020, the Plan is restated as set forth herein to reflect that the Plan is a church plan and has been a church plan since its inception.

ARTICLE 1

DEFINITIONS

1.01. Account means, with respect to any Participant, his After-Tax Contribution Account, his Pre-Tax Contribution Account, and his Company Contribution Account. Some Participants may also have Rollover Contribution Accounts.

1.02. Affiliated Company means Sagrado and

- (a) any corporation, partnership or other entity which is a member of a controlled group of corporations (as defined in Section 1010.04 of the PR Code) with the Company;
- (b) any group of entities (whether or not incorporated) which are related (as defined in Section 1010.05 of the PR Code) with the Company; and
- (c) any corporation, partnership or other entity that is part of an affiliated service group (as defined in PR Code Section 1081.01(a)(14)(B)) which includes the Company or is under common control with the Company that have employees who are bona-fide residents of Puerto Rico.

1.03. Affiliated Plan means a defined contribution plan sponsored by an Affiliated Company if such plan has been designated by the Committee as an Affiliated Plan.

1.04. After-Tax Contributions means the contributions which a Participant elects to make to the Plan in accordance with Section 3.02.

- 1.05. **After-Tax Contribution Account** means that portion of the Trust Fund which, with respect to any Participant, is attributable to his own After-Tax Contributions, and any investment earnings and gains or losses thereon.
- 1.06. **Automatic Enrollment Date** means, for each Eligible Employee, a date determined by the Committee, which date is as soon as practicable following the date the Eligible Employee first becomes eligible to participate in the Plan in accordance with Section 2.01(c).
- 1.07. **Beneficiary** means the beneficiary designated by the Participant under the Universidad del Sagrado Corazón Savings Plan unless the Participant has designated any other person or persons (who may be designated contingently or successively and which may be an entity other than a natural person), on a form supplied by the Committee, to receive benefits payable in the event of the death of the Participant; provided, however, that if the Participant is married at the date of his death, the Beneficiary shall be the Participant's surviving Spouse, and any such Beneficiary designation that names a Beneficiary other than his Spouse exclusively shall be void unless it has been consented thereto in writing by the Participant's Spouse and such consent was witnessed by a notary public on a form supplied by the Committee. The Spouse's consent must designate the alternative Beneficiary and/or form of benefit, must acknowledge the effect of such consent, and cannot be changed without subsequent spousal consent. The Participant may, however, revoke the alternative Beneficiary at any time, thereby reinstating his Spouse as sole Beneficiary. In the event of the Participant's death without an effective Beneficiary designation, any Plan benefits payable shall be paid in equal parts to the Participant's estate. Section 11.13 should be referred to for payment in the event of incompetency of a survivor. Sections 7.01(d) and 11.05 should be referred to in the event of a Qualified Domestic Relations Order. Notwithstanding the foregoing, any Beneficiary, prior to accepting any benefit under the Plan, may disclaim his designation as Beneficiary under the Plan, by executing and delivering to the Benefits Administration Committee an irrevocable waiver in the form and manner prescribed by the Benefits Administration Committee, at any time. In the event a Beneficiary so disclaims his interest hereunder, Plan benefits will be paid as if the Participant died without an effective Beneficiary designation.
- 1.08. **Board of Trustees** means the Board of Trustees of Universidad del Sagrado Corazón and any committee authorized by such Board or a committee thereof to act in its behalf with reference to the Plan.
- 1.09. **Break in Service** occurs at the end of any twelve consecutive-month period beginning on a Severance Date during which an Employee does not complete an hour of Service.
- 1.10. **Committee** means the Sagrado Administrative Committee, which shall act as the Plan Administrator for the Plan. The Committee shall have the duties and powers described in Article 9.

- 1.11. **Company** means Universidad del Sagrado Corazón.
- 1.12. **Company Contributions** means the contributions made by the Company for the Plan Year pursuant to Section 3.06 and allocated to a Participant's Company Contributions Account.
- 1.13. **Company Contribution Account** means that portion of the Trust Fund which, with respect to any Participant, is attributable to any contributions made in his behalf by the Company, and any investment earnings and gains or losses thereon.
- 1.14. **Compensation** means, with respect to any Plan Year, all compensation paid for services performed for the Company or an Affiliated Company which is currently includable in gross income under the PR Code except as limited by Schedule A. Only compensation received by the Participant while an Eligible Employee shall be taken into account for Plan purposes.

Except for compensation that would otherwise have been paid to a Participant while an Eligible Employee had the Participant not had a Severance Date but that is paid within the 2-1/2 month period following the Participant's Severance Date, only compensation received by the Participant while an Eligible Employee shall be taken into account for Plan purposes.

For any Plan Year, Compensation shall not exceed the PR Code Section 1081.01(a)(12) limit.

- 1.15. **Contributions** means the contributions which a Participant elects to make to the Plan in accordance with Section 3.01 or 3.02.
- 1.16. **Disability** means being disabled as determined by the Federal Social Security Administration.
- 1.17. **Effective Date** of this restatement means July 1, 2020. The original effective date of the Plan is October 1, 2006.
- 1.18. **Eligible Employee** means any Employee of the Company who is not covered under any other defined contribution plan sponsored by Sagrado; provided, that except as the Board of Trustees or the Committee may otherwise provide on a basis uniformly applicable to all persons similarly situated, no person shall be an "Eligible Employee" for purposes of the Plan:
- (a) who is excepted by the Board of Directors or the Committee,
 - (b) whose terms and conditions of employment are determined by a collective bargaining agreement with the Company, if employee retirement benefits were negotiated thereunder, which does not make this Plan applicable to him,

- (c) who is not designated by the Company as an Employee of the Company and who has performed services for the Company on a substantially full time basis pursuant to an agreement between the Company and other organization, regardless of whether the Puerto Rico Department of Treasury or any other governmental authority (including a court) reclassifies the individual as a “common law employee”, or
- (d) who is a nonresident alien of Puerto Rico and who receives no earned income from the Company from sources within Puerto Rico.

1.19. Employee means any person employed by the Company or an Affiliated Company.

1.20. Employment Commencement Date means the date on which an Employee first performs an Hour of Service.

1.21. Entry Date means any business day.

1.22. ERISA means the Employee Retirement Income Security Act of 1974, and as may be amended.

1.23. Hour of Service means

- (a) Each hour for which an Eligible Employee is paid or is entitled to payment for the performance of duties for the Company. These hours will be credited to the Employee for the Plan Year in which the duties are performed;
- (b) Each hour for which an Eligible Employee is paid, or entitled to payment, by the Company on account of a period of time during which no duties are performed (regardless of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, Maternity or Paternity Leave, Family and Medical Leave or leave of absence (all referred to as an “Absentee Period”). No more than 501 Hours of Service will be credited under this paragraph for any single continuous Absentee Period (whether such period occurs in a single Plan Year). Hours under this paragraph will be calculated and credited in accordance with applicable provisions of law which may be or may become effective at the time the calculation is made; and
- (c) Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company. The same Hours of Service will not be credited both under paragraph (a) or (b) above, as the case may be, and under this paragraph (c). These hours will be credited to the Eligible Employee for the Plan

Year or periods to which the award or agreement pertains rather than the Plan Year in which the award, agreement or payment is made.

- 1.24. **Investment Fund or Funds** means, collectively or singly as the context requires the investment funds selected by the Committee in accordance with Article 4.
- 1.25. **Normal Retirement Age** means normal retirement of a Participant at or after age 65.
- 1.26. **Participant** means any person participating in the Plan as provided in Article 2. Except for purposes of Sections 2.01, 2.02 and 6.02 (ii) and Article 3, an Eligible Employee who has made a rollover or transfer to the Plan which meets the requirements of Section 3.07 or 11.14 and for whom a Rollover Contribution Account or Plan Account is maintained shall be treated as a Participant and such Eligible Employee shall become a Participant for all purposes after meeting the requirements of Sections 2.01 and 2.02.
- 1.27. **Period of Severance** means the period, measured in full years and months, between a Participant's Severance Date and a subsequent Reemployment Commencement Date. However, in the case of a leave of absence that would be the type of leave that would be required to be granted under the Family and Medical Leave Act of 1993 ("Family and Medical Leave Act") if an Employee was covered by such leave ("Family and Medical Leave"), the portion of such leave which is not in excess of the period granted under the Family and Medical Leave Act shall not be included in a Participant's Period of Severance.
- Notwithstanding the above, leaves of absence formally approved by the Employing Company as leaves in which service credit will be given under this Plan, shall not constitute a Period of Severance but shall be considered as Years of Service in determining service for vesting and eligibility provided that the Participant returns to employment of the Employing Company immediately following such leave of absence.
- 1.28. **Plan** means the Universidad del Sagrado Corazón Savings Plan, as described herein or as hereafter amended.
- 1.29. **Plan Year** means the fiscal year starting on July 1 and ending on June 30 of the following year.
- 1.30. **PR Code** means the Puerto Rico Internal Revenue Code of 2011, as amended. Reference to any section or subsection of the PR Code includes reference to any comparable or succeeding provisions of any legislation which amends, supplements or replaces such section or subsection.
- 1.31. **Pre-Tax Contributions** means the Participant's contributions made in accordance with Section 3.01.

- 1.32. **Pre-Tax Contribution Account** means that portion of the Trust Fund which, with respect to any Participant, is attributable to his own Pre-Tax Contributions, and any investment earnings and gains or losses thereon.
- 1.33. **Reemployment Commencement Date** means the date on which a person formerly employed by the Company first performs an Hour of Service for the Company after a Period of Severance.
- 1.34. **Retirement** means normal retirement of a Participant who has attained age 65, or the early retirement of a Participant who has attained age 55 and who has completed either 3 years of participation in the Plan or 3 Years of Service.
- 1.35. **Rollover Contributions** mean amounts a Participant contributes from another employee benefit plan qualified under PR Code Section 1081.01(a) pursuant to Section 3.06.
- 1.36. **Rollover Contribution Account** means that portion of the Trust Fund which, with respect to any Eligible Employee, is attributable to his Rollover Contributions, and any investment earnings or losses thereon.
- 1.37. **Severance Date** means the following:
- (a) the date on which an Employee quits, retires, is discharged, dies or terminates employment following a period of salary and benefit continuation; or
 - (b) the first anniversary of the first date of a period in which an Employee remains absent from service (with or without pay) with the Company or an Affiliated Company for any reason other than quit, retirement, discharge, or death; provided, however, the absence from service of an Employee receiving benefits under one or more long-term disability plans of the Company or an Affiliated Company is not a severance until the earlier of Normal Retirement Age, the cessation of such disability payments or two consecutive years on long-term disability; provided further that if such an Employee in active employment after his Normal Retirement Age becomes disabled, his Severance Date is the date such long-term disability plan benefits commence or would commence.

In the case of an Employee who is absent from work by virtue of (i) the Employee's pregnancy, (ii) birth of the Employee's child, (iii) placement of a child with the Employee by adoption, or (iv) caring for any such child for a period of up to a year immediately following such birth or placement, the Severance Date is the second anniversary of the first day of absence from service provided that the period between the first and second anniversary of such first day of absence is neither counted as service nor a Break in Service.

- 1.38. **Spouse** means the person who is married to a Participant as of the applicable date, whether same-sex or opposite-sex, provided that the marriage was legally recognized in the state or jurisdiction in which it took place, regardless of the married couple's place of residence. A former Spouse shall be treated as the Spouse to the extent provided under a qualified domestic relations order.
- 1.39. **Termination of Employment** means separation from the employment of the Company or an Affiliated Company for any reason, including, but not limited to, Retirement, death, Disability, resignation or dismissal by the Company; provided, however, that transfer in employment between the Company and an Affiliated Company shall not be deemed to be a "Termination of Employment" and provided further, that if an Employee is rehired by the Company or an Affiliated Company within 30 days of his separation from the employment of the Company or an Affiliated Company, such separation shall not be considered to be a "Termination of Employment".
- 1.40. **Trustee** means Oriental Bank & Trust or any successor trustee or trustees appointed pursuant to Article 4 with whom the funds of the Plan are held.
- 1.41. **Trust Fund** means the cash and other properties arising from (i) contributions made by Participants and by the Company in accordance with the provisions of this Plan, and (ii) any investment earnings and gains or losses thereon. The Trust Fund is held and administered by the Trustee pursuant to Article 4.
- 1.42. **USERRA** means the Uniformed Services Employment and Reemployment Rights Act. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to "qualified military service" will be provided in accordance with USERRA. "Qualified military service" means any service in the uniformed services (as defined in chapter 43 of title 38 of the United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service.
- 1.43. **Valuation Date** means each business day and any other date the Committee deems desirable or necessary to value the Trust Fund in accordance with Article 5.
- 1.44. **Years of Service** means the period measured in full years and months beginning on a person's Employment Commencement Date and ending on his last Severance Date, but excluding any intervening Period of Severance provided that the person's Reemployment Commencement Date followed a period of at least one full year during which he completed no Hours of Service. Years of Service shall also exclude any Years of Service preceding a Period of Severance of at least sixty (60) full months provided that:
- (a) the Participant was not entitled to any vested benefit under the Plan at the commencement of the Period of Severance,

- (b) the length of the Period of Severance exceeded the greater of sixty (60) months and his Years of Service determined as of the Severance Date, and
- (c) the Participant had not incurred a Total and Permanent Disability, which disability continued throughout the Period of Severance.

A Year of Service shall include any period for which a person is directly or indirectly compensated by the Company on account of a period of time during which no duties are performed or for which back pay has been received by the person (irrespective of whether mitigating damages have been awarded or agreed to by the Company) due to:

- (a) vacation or holiday,
- (b) illness or incapacity,
- (c) layoff,
- (d) jury duty,
- (e) military duty, and
- (f) leave of absence, including but not limited to, Maternity or Paternity Leave, and Family and Medical Leave.

For all purposes hereof, a period beginning on any given day of a month and ending on the day preceding the corresponding day of the following month shall constitute a full month. Twelve such full months shall constitute a full year.

Service credit with respect to qualified military service will be provided in accordance with the Uniform Services Employment and Reemployment Rights Act of 1994.

The masculine pronoun whenever used herein shall include the feminine, and singular number whenever used herein shall include the plural, and the plural the singular, unless the context clearly indicates a different meaning.

ARTICLE 2

PARTICIPATION

2.01. Eligibility.

- (a) Any Eligible Employee who is a Participant in the Plan on the Effective Date shall continue as a Participant.
- (b) Any Eligible Employee who is not a Participant in the Plan on the Effective Date shall be eligible to become a Participant on any future Entry Date.

- (c) Any Employee shall be eligible to become a Participant in the Plan as of the first Entry Date coincident with or next following the date he becomes an Eligible Employee.
- (d) All Eligible Employees of the Company who participate in this Plan shall participate under the terms and conditions herein stated.

2.02. Participation.

- (a) Participation in the Plan by an Eligible Employee is voluntary. An Eligible Employee may become a Participant on any Entry Date by making application in a manner prescribed by the Committee in which he:
 - (i) designates the percentage of Compensation to be contributed as Pre-Tax Contributions in accordance with Section 3.01 and/or designates the percentage of Compensation to be contributed as After-Tax Contributions in accordance with Section 3.02 and/or Section 3.03;
 - (ii) authorizes applicable payroll deductions; and
 - (iii) chooses one or more Investment Fund(s).
- (b) If the Eligible Employee does not make the application contemplated in Section 2.02(a) prior to his Automatic Enrollment Date, such Eligible Employee shall become a Participant effective as of his Automatic Enrollment Date and shall be deemed to have (i) authorized payroll deductions for Pre-Tax Contributions in accordance with Section 3.01, equal to 1% of his Compensation and (ii) elected to invest such contributions in such fund as the Committee may designate. Effective for Eligible Employees hired or rehired on or after July 1, 2020, such percentage of Compensation may be increased in the percentage determined by the Company commencing on July 1st that is at least six (6) months following the Eligible Employee's applicable Automatic Enrollment Date and on each July 1st thereafter; provided that such percentage shall not be increased above 10% of the Eligible Employee's Compensation. Notwithstanding the foregoing, the Eligible Employee may at any time elect a different contribution percentage (including 0%) in accordance with Section 3.04 and/or different Investment Funds in accordance with Section 4.06.

2.03. Participant Status. An Eligible Employee who has once become a Participant shall remain a Participant so long as he remains in the service of the Company or an Affiliated Company, and shall cease to be a Participant upon his Termination of Employment, except that if he has met the conditions for entitlement to a benefit, he shall remain a Participant so long as he has an Account balance. However, active participation, including contributions to the

Plan by or for a Participant, shall automatically be suspended effective as of the Participant's Severance Date and during any time period for which he does not receive a paycheck. Participation in the Plan shall cease as of the date Accounts are transferred to a plan of an Affiliated Company or are completely distributed to the Participant or his Beneficiary.

- 2.04. Reemployment.** If a former Employee is rehired as an Eligible Employee after a Severance Date, he shall be entitled to become a Participant on the Entry Date coincident with or next following his date of reemployment.

ARTICLE 3

CONTRIBUTIONS

3.01. Pre-Tax Contributions.

- (a) Subject to the provisions of Section 3.08, a Participant may make Pre-Tax Contributions to the Plan by authorizing Pre-Tax Contributions in 1% increments in lieu of an equal amount being paid to him as current cash Compensation. Pre-Tax Contributions are made through payroll deductions. Notwithstanding the foregoing, unless a Participant who has a current election to less than 10% of Compensation elects otherwise, effective for Participants hired or rehired on or after July 1, 2020, the percentage of Compensation contributed to the Plan on such Participant's behalf as Pre-Tax Contributions pursuant to this Section 3.01 shall be increased by one percentage point commencing on the first July 1st that is at least six (6) months following the Eligible Employee's applicable Entry Date and on each July 1st thereafter; provided that such percentage shall not be increased above 10% of the Participant's Compensation.
- (b) The Committee shall have the right to establish rules with respect to the making of elections pursuant to this Section, including without limitation, the right to require that any such election be made at such time prior to its becoming effective as the Committee shall determine and the right to restrict the Participant's right to change such election. Pre-Tax Contributions are intended to be treated for Puerto Rico income tax purposes as contributions made by the Company under a qualified cash or deferred arrangement (as defined in PR Code Section 1081.01(d)), but shall be treated as if they were contributions by a Participant for the purpose of the Plan except where the Plan expressly indicates otherwise.

- 3.02. After-Tax Contributions.** A Participant may make contributions to the Plan on an aftertax basis, either in lieu of or in combination with Pre-Tax Contributions, by authorizing After-Tax Contributions of 1% to 10% of his Compensation (in 1% increments) in lieu of an

equal amount being paid to him as current cash Compensation. After-Tax Contributions are made through payroll deductions.

- 3.03. Change in Contributions.** Subject to the provisions of this Article, a Participant may elect to change the percentage of his authorized payroll deduction by giving notice to the Committee in the prescribed manner. Such changed percentage shall become effective beginning with the first payroll period commencing after processing such notice.

If a mistake-of-fact is made with regard to any contribution, the Committee shall, depending on the mistake-of-fact, either (i) cause said contribution to be returned to the Participant without restriction, or (ii) accept additional contributions for the affected period. Examples of a “mistake-of-fact” would be the continuation of payroll deductions after a Participant has requested the suspension of such deductions or failure to act on written instructions to take deductions.

3.04. Suspension of Contributions.

- (a) A Participant may elect to suspend his Pre-Tax or After-Tax Contributions, by notifying the Committee in advance in the manner prescribed by the Committee. The suspension shall become effective on the first payroll period commencing after processing such request. No Company Contributions shall be made by the Company on behalf of such a Participant during a period of suspension of Pre-Tax Contributions.
- (b) A Participant who has suspended his Contributions may elect to apply to the Committee to resume his contributions in the manner prescribed by the Committee. The resumption shall become effective as of the first payroll period commencing on or after processing his request.
- (c) No Contributions may be made by a Participant for any period of unpaid absence from Service including, but not limited to, absence due to sickness, leave of absence, or service in the Armed Forces. A Participant who has ceased to make Contributions under the Plan in accordance with this subsection (c) shall again be eligible to resume making contributions on the date he returns to service as an Eligible Employee.
- (d) A Participant who has ceased to make Contributions under the Plan because he has ceased to be an Eligible Employee but, nevertheless, continue to be an Employee shall again be eligible to resume making contributions on the date he again becomes an Eligible Employee and gives written notice to the Committee in the prescribed manner.

3.05. Company Contributions.

(a) General.

- (i) All Company Contributions shall be made subject to the terms and conditions of this Section 3.05;
- (ii) In satisfaction of its obligation under this Section 3.05, the Company shall pay its contributions in cash;
- (iii) Company Contributions shall be made out of the current or accumulated profits of the Company;
- (iv) Each Company Contribution to the Plan is conditioned on its deductibility. To the extent permitted under applicable law, in the event that the Secretary of the Puerto Rico Department of the Treasury determines that the Plan does not qualify for tax-exempt status under PR Code Section 1081.01 and issues an adverse determination with respect to its initial qualification, Company Contributions made on or after the date on which such determination or refusal is applicable shall, at the Company's discretion, be returned to each Company without interest within one year after such determination, but only if the application for determination is made by the time prescribed by law for filing the Company's return for the taxable year in which the Plan was adopted, or such later date as the Secretary of the Puerto Rico Department of the Treasury may prescribe; and
- (v) To the extent permitted by applicable law, in the event that a Company Contribution to the Plan is made by a mistake of fact or all or part of the Company's deductions under PR Code Section 1033.09 for contributions to the Plan are disallowed by the Puerto Rico Department of the Treasury, the portion of the contributions attributable to such mistake of fact or to which such disallowance applies shall be returned to the Company without interest. Any such return shall be made within one year after the making of such contribution by mistake of fact or disallowance of deductions, as the case may be.

- (b) Company Contributions. For each Plan Year, the Company shall contribute a discretionary amount (the "Company Contributions") which, together with any forfeitures under Article 6, shall produce an allocation to each Participant's Company Contribution Account equal to the amount of Company Contribution determined by the Board of Trustees.

- (c) Retirement Enhancement Contributions. Effective for Plan Years as determined by the Board of Trustees the Company shall contribute an additional amount (the “Retirement Enhancement Contribution”) which, together with any forfeitures under Article 6 remaining after Section 3.05(b), shall produce an allocation to the Company Contribution Account of certain eligible Participants which shall be equal to the amount of Retirement Enhancement Contribution determined by the Board of Trustees.
- (d) Qualified Nonelective Contributions. The Company may contribute a Qualified Nonelective Contribution to the Company Contribution Account of such Participants in such amounts as the Committee may determine in its sole discretion. Notwithstanding any provision of the Plan to the contrary, all such Qualified Nonelective Contributions shall be fully vested and nonforfeitable when made and shall be subject to the same distribution limitations as Pre-Tax Contributions (but are not eligible for withdrawal pursuant to Section 8.02).

3.06. Rollover Contributions. The Trustee is authorized to accept as Rollover Contributions any contributions as requested by an Eligible Employee, provided that such Eligible Employee certifies that such contributions meet the following criteria:

- (a) the contributed amounts were distributed from an employee retirement plan qualified under the PR Code;
- (b) the contribution is made either (i) as a direct rollover to the Plan, or (ii) by the Eligible Employee, within 60 days after the date such contributions are received by the Eligible Employee; and
- (c) such Rollover Contributions meet any other conditions as determined necessary by the Trustee or Committee to comply with PR Code Section 1081.01(b)(2).

3.07. PR Code Nondiscrimination Tests.

- (a) Definitions. For purposes of this Section, the following additional definitions shall be used:
 - (i) Actual Deferral Percentage or ADP means the ratio (expressed as a percentage calculated to two decimal points) of Pre-Tax Contributions, Qualified Matching Contributions, and Qualified Nonelective Contributions on behalf of the Eligible Participants for the Plan Year to the Eligible Participant’s Compensation for the Plan Year.

- (ii) Average Actual Deferral Percentage or Average ADP means the average (expressed as a percentage calculated to two decimal points) of the Actual Deferral Percentages (ADPs) of the Eligible Participants in a group.
 - (iii) Eligible Participant means any Eligible Employee of the Company who is authorized under the terms of the Plan to have After-Tax Contributions, Pre-Tax Contributions, Nonelective Contributions, or Company Matching Contributions allocated to his Account for the Plan Year; regardless as to whether or not any such contributions are so allocated.
 - (iv) Highly Compensated Employee means any Eligible Participant who meets the definition in PR Code Section 1081.01(d)(3)(E)(iii);
 - (v) Nonhighly Compensated Employee means an employee of the Company who is not a Highly Compensated Employee.
 - (vi) Nonelective Contributions means contributions made by the Company other than Company Matching Contributions or Pre-Tax Contributions and that the Participant cannot otherwise elect to receive in cash.
 - (vii) Qualified Matching Contributions means matching Company Contributions that are 100% vested and nonforfeitable when made and that are subject to the same distribution limitations as Pre-Tax Contributions.
 - (viii) Qualified Nonelective Contributions means those Nonelective Contributions that are 100% vested and nonforfeitable when made and that are subject to the same distribution limitations as Pre-Tax Contributions (but are not eligible for withdrawal pursuant to Section 8.02).
- (b) Average Actual Deferral Percentage Test (ADP Test)
- (i) Notwithstanding anything in this Plan to the contrary, contributions made under the Plan (and any other Plan that is aggregated with the Plan in accordance with PR Code Section 1081.01(a)(14) and regulations thereunder) by or on behalf of a Participant shall be restricted so as to comply with one of the following ADP Tests.
 - (A) 1.25 Test. The Average ADP for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not exceed the Average ADP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 1.25; or,
 - (B) Two Times/2% Test. The Average ADP for Eligible Participants who are Highly Compensated Employees for the Plan Year shall not

exceed the Average ADP for Eligible Participants who are Nonhighly Compensated Employees for the Plan Year multiplied by 2, provided that the Average ADP for Eligible Participants who are Highly Compensated Employees does not exceed the Average ADP for Eligible Participants who are Nonhighly Compensated Employees by more than two (2) percentage points or such lesser amount as the Secretary of the Puerto Rico Department of the Treasury shall prescribe.

The Committee shall have the right to limit Pre-Tax Contributions of Highly Compensated Employees as, and to the extent that it, in its discretion, deems necessary to comply with one of the above tests.

- (ii) Determination of ADP Excess Contributions. The amount of excess contributions for a Highly Compensated Employee will be determined in the following manner: First, the ADP of the Highly Compensated Employee with the highest ADP is reduced to the extent necessary to satisfy the ADP Test or cause such ratio to equal the ADP of the Highly Compensated Employee with the next highest ADP. Second, this process is repeated until the ADP test is satisfied. The amount of excess contributions for a Highly Compensated Employee is then equal to the excess of the total contributions taken into account for the ADP Test over the product of (1) the Employee's ADP following the reduction described above and (2) the Employee's Compensation. The amount of Company Contributions attributable to any portion of an Employee's excess contributions shall be distributed, if vested, or if not vested, forfeited and held in a suspense account and used to reduce the Company's future Company Contributions.

Income on a Participant's ADP excess contributions shall be determined by multiplying the income allocated to his Pre-Tax Contribution Account for the Plan Year in which such ADP excess contribution was made by a fraction, the numerator of which is the ADP excess contributions for such Participant for the Plan Year, and the denominator of which is the total Pre-Tax Contribution Account balance for such Participant as of the first day of the Plan Year, plus the Pre-Tax Contributions made on behalf of the Participant during the Plan Year.

Upon the distribution of ADP excess contributions, the amount of income required to be distributed with respect to the period between the last day of the Plan Year and the date on which the excess is distributed (the "gap period") shall be 10% of the amount of income allocable to ADP excess contributions for such Plan Year multiplied by the number of calendar months that have elapsed since the end of the Plan Year. For purposes of

determining the number of calendar months that have elapsed since the last day of the Plan Year, if the distribution is made on or before the 15th day of the month, such month shall not be included, and if the distribution is made after the 15th day of the month, such month shall be included.

(iii) Special Rules.

- (A) For purposes of this Section, the ADP for any Eligible Participant who is a Highly Compensated Employee for the Plan Year and who is eligible to have Pre-Tax Contributions, Qualified Matching Contributions or Qualified Nonelective Contributions allocated to his account under two or more plans or arrangements described in PR Code Section 1081.01 (d) that are maintained by the Company or an Affiliated Company shall be determined as if all such Pre-Tax, Qualified Matching and Qualified Nonelective Contributions were made under a single arrangement.
- (B) In the event that this Plan satisfies the requirements of PR Code Section 1081.01(a)(3) only if aggregated with one or more other plans, or if one or more other plans satisfy the requirements of PR Code Section 1081.01(a)(3) only if aggregated with this Plan, then this Section shall be applied by determining the ADP of Eligible Participants as if all such plans were a single plan.
- (C) The Committee may, to the extent permitted under the applicable PR Code Treasury Regulations, recharacterize as After-Tax Contributions for such Plan Year all or a portion of the Pre-Tax Contributions for Participants who are Highly Compensated Employees to the extent necessary to comply with the applicable limit set forth in this Section 3.07(b), using the leveling method described in Section 3.07(b)(ii) above. Recharacterized amounts shall remain nonforfeitable and subject to the same distribution requirements as Pre-Tax Contributions. Amounts may not be recharacterized with respect to a Highly Compensated Employee to the extent that such amount, in combination with other After-Tax Contributions made by such Employee, would exceed the limitations under the Plan with respect to After-Tax Contributions. Recharacterization shall occur no later than 2-1/2 months after the last day of the Plan Year in which such excess Pre-Tax Contributions arose.
- (D) The determination and treatment of the Pre-Tax Contributions, Qualified Nonelective Contributions, Qualified Matching

Contributions and ADP of any Participant shall satisfy such other requirements as may be prescribed by the Secretary of the Puerto Rico Department of the Treasury, including the provisions of the applicable PR Code Treasury Regulations which are incorporated herein by reference.

- (E) Notwithstanding any provision of this Plan, to the extent permitted by the PR Code and its regulations, the Committee may elect to aggregate the Affiliated Companies for purposes of determining compliance by the Plan with the ADP Test of PR Code Section 1081.01 and the determination of Highly Compensated Employees.

- (c) Corrections of Excess Contributions. If the Committee shall determine that the Pre-Tax Contributions on behalf of any Participant or group of Participants might result in discrimination in favor of Employees who are officers, shareholders or Highly Compensated Employees or might cause the Plan to violate the requirements for cash or deferred arrangement under PR Code Section 1081.01(d), the Committee shall have the right to cause such adjustments to be made in the past, current or future Pre-Tax Contributions on behalf of such Participants and in the manner provided in the applicable PR Code Treasury Regulations, as will, in the Committee's opinion, avoid such discrimination and satisfy the requirements of PR Code Section 1081.01(d) and regulations promulgated thereunder, including, without limitation, the right to recharacterize any Pre-Tax Contributions on behalf of a Participant as current Compensation of the Participant to either be distributed (along with income allocable thereto, as determined pursuant to Section 3.08(b)(ii)) to the Participant or contributed as an After-Tax Contribution and subject to such terms and conditions as will cause the Plan to meet the requirements for a qualified cash or deferred arrangement under PR Code Section 1081.01(d) and regulations promulgated thereunder. The decision of the Committee in this regard shall be final and shall not be subject to question by the Trustee, the Company or by any Participant or group of Participants. Any Pre-Tax Contributions that are recharacterized as After-Tax Contributions pursuant to this Section shall not be eligible for Company Contributions.

3.08. Dollar Limitation on Pre-Tax Contributions.

- (a) Notwithstanding anything else in this Article, a Participant may not designate more than the applicable limit under the PR Code in effect for any given year. (or such other amount as may be specified in the PR Code) as Pre-Tax Contributions in any calendar year.
- (b) Notwithstanding any other provision of the Plan, excess Pre-Tax Contributions and income allocable thereto shall be distributed no later than each April 15 to

Participants who claim Allocable Excess Pre-Tax Contributions for the preceding calendar year. "Allocable Excess Pre- Tax Contributions" shall mean the amount of Pre-Tax Contributions for a calendar year that the Participant allocates to this Plan pursuant to the claim procedure described herein.

- (c) The Participant's claim shall be in writing, shall be submitted to the Committee no later than March 1; shall specify the Participant's excess Pre-Tax Contributions for the proceeding calendar year; and shall be accompanied by the Participant's written statement that if such amounts are not distributed, such Allocable Excess Pre-Tax Contributions, when added to amounts deferred under other plans or arrangements described in Sections 1081.01(d), exceeds the limit imposed on the Participant by Section 1081.01(d)(7) of the PR Code for the year in which the deferral occurred.
- (d) The Allocable Pre-Tax Contributions distributed to a Participant with respect to a calendar year shall be adjusted for income and, if there is a loss allocable to the excess Pre-Tax Contributions, shall in no event be less than the lesser of the Participant's Pre-Tax Account under the Plan or the Participant's Pre-Tax Contributions for the Plan Year.
- (e) Notwithstanding any other provision of the Plan, Participant's excess Pre-Tax Contributions to the Plan which the Participant has not claimed to be Allocable Excess Pre-Tax Contributions pursuant to the procedure described herein shall be, to the extent permitted under the applicable PR Code Treasury Regulations, recharacterized as After-Tax Contributions; provided that the combined percentage of Compensation for all After-Tax Contributions (including After-Tax Contributions) shall in no event exceed 10%. Any Pre-Tax Contributions that are recharacterized as After-Tax Contributions pursuant to this Section shall not be eligible for Company Contributions.

3.09. Crediting of Contributions. Pre-Tax Contributions and After-Tax Contributions are credited to the Participant's Account as of the earliest date on which such contributions can reasonably be segregated from the Company's general assets.

3.10. Miscellaneous. The Committee shall have the right to establish rules with respect to the making of elections pursuant to this Article 3, including without limitation, the right to require that any such election be made at such time prior to its becoming effective as the Committee shall determine and the right to restrict the Participant's right to change such election. Pre-Tax Contributions are intended to be treated for Puerto Rico income tax purposes as contributions made by the Company under a qualified cash or deferred arrangement (as defined in PR Code Section 1081.01(d)), but shall be treated as if they were contributions by a Participant for the purpose of the Plan except where the Plan expressly indicates otherwise.

- 3.11. Limitation On Annual Additions.** Except to the extent permitted under PR Code Section 1081.01(a)(11)(B), if the annual addition to the Account of any Participant attributable to all defined contributions plans (including money purchase pension plans and profit-sharing plans of the Company), would exceed the lesser of (a) the limitation found in PR Code Section 1081.01(a)(11)(B) for any given Plan Year, or (b) 100% of the Participant's Compensation, within the meaning of PR Code Section 1081.01(a)(11)(B), for the Plan Year, the excess amount will be disposed of as provided by final regulations issued under PR Code Section 1081.01(a)(11).

ARTICLE 4

TRUST FUND AND INVESTMENT FUNDS

- 4.01. The Trust Agreement.** The Company shall enter into a trust agreement which shall contain such provisions as shall render it impossible for any part of the corpus of the Trust or income therefrom to be at any time used for, or diverted to, purposes other than for the exclusive benefit of Participants. Any or all rights or benefits accruing to any person under the Plan with respect to any Company Contributions deposited under the Trust Agreement shall be subject to all the terms and provisions of the Trust which shall specifically incorporate and be subject to the provisions of the Plan.
- 4.02. The Trustee.** The Trustee will be a corporate trustee appointed by the Committee to serve at its pleasure. Unless expressly delegated to another person, committee or entity, the Trustee shall be responsible for withholding all Puerto Rico income taxes required to be withheld on Plan distributions (of any nature) under the PR Code and depositing and reporting such withheld income taxes as required by the PR Code.
- 4.03. Separate Funds.** The Trustee shall maintain separate Investment Funds within the Trust Fund in accordance with the terms of the Plan. The Committee shall have authority and responsibility to designate such Investment Funds.
- 4.04. Investment Funds.**
- (a) The Committee reserves the right to eliminate, add or modify any funds from time to time.
 - (b) Limitations/Rules. Notwithstanding any provision of the Plan to the contrary, (1) the Committee may establish rules and procedures relating to the investments in one or more of the Investment Funds, which rules and procedures may be changed from time to time by the Committee and (2) the Investment Funds shall be subject to, and governed by, all applicable legal rules and restrictions and the rules specified by the investment fund providers in the fund prospectus(es) or other governing documents thereof (to the extent such rules and procedures are imposed and enforced by the investment fund provider against the Plan or a particular

Participant). Such rules, procedures and restrictions may limit the ability of a Participant to make transfers into or out of a particular Investment Fund and/or may result in additional transaction fees or other costs relating to such transfers.

4.05. Temporary Investment. Pending permanent investment of the assets of any Investment Fund, the Trustee may temporarily hold cash or make short-term investments in obligations of the United States Government, commercial paper, an interim investment fund for tax qualified employee benefit plans established by the Trustee unless otherwise provided by applicable law, or other investments of a short-term nature.

4.06. Investment of Participant Contributions.

- (a) Election. All Participant Contributions will be invested at the election of the Participant in multiples of 1% in the Investment Funds. A Participant may make or change an election on any day by giving notice to the Committee in the prescribed manner. Any such election or change of election shall be effective as of the first payroll period after it is processed.
- (b) Reallocation of Investments. A Participant may elect on any day to reallocate the investment of his Accounts to any one or combination of the Investment Funds, in multiples of 1 % by giving notice to the Committee in such manner as the Committee may prescribe. The amounts reallocated will be based upon values as of the Valuation Date applicable to the processing of the request.
- (c) Limitations/Rules. The provisions of this Section are subject to the rules, procedures and restrictions described in Section 4.04(b) of the Plan. In furtherance of, but without limiting the foregoing, the Trustee, recordkeeper, Committee or Investment Fund provider (or their delegate, as applicable) may decline to implement any investment election or instruction where it deems appropriate.

4.07. Investment of Company Contributions. Company Contributions will track the Investment Fund elections that a Participant makes with regard to Contributions.

4.08. Investment Managers. The Committee may enter into a written agreement with or direct the Trustee to enter into an agreement with one or more investment managers to manage the investments of one or more of the Investment Funds. Such investment managers may include one or more legal reserve life insurance companies which enter into group annuity contracts with the Trustee. The Committee may remove any such investment manager or any successor investment manager, or direct the Trustee to do so, and any such investment manager may resign. The Committee may, upon removal or resignation of an investment manager, provide for the appointment of a successor investment manager.

4.09. Participant Responsibility For Selection of Funds. Each Participant is solely responsible for the selection of his Investment Funds from among those available for investment under the Plan. Neither the Trustee, the Committee, the Company nor any of the directors, officers or employees of the Company are empowered to advise a Participant as to the manner in which his Accounts should be invested. The fact that a security is available to Participants for investment under the Plan shall not be construed as a recommendation for the purchase of that security, nor shall the selection by a Participant of any Investment Fund impose any liability on the Company, its directors, officers or employees, the Trustee or the Committee,.

4.10. Changes in Investment Funds or Elections, Conversions. Notwithstanding any provision of the Plan to the contrary:

- (a) The Committee, in its sole and absolute discretion, may temporarily suspend, in whole or in part, certain Plan transactions, including, without limitation, the right to change or suspend contributions, and/or the right to receive a distribution or withdrawal from an Account in the event of any conversion, change in recordkeeper and/or Plan merger or spinoff.
- (b) The Committee, in its sole and absolute discretion, may suspend, in whole or in part, temporarily or permanently, Plan transactions dealing with investments, including without limitation, the right of a Participant to change investment elections or reallocate Account balances in the event of any conversion, change in recordkeeper, change in Investment Funds and/or Plan merger or spinoff.
- (c) The Committee, the Trustee, recordkeeper or Investment Fund provider (or their delegate, as applicable) may decline to implement any investment election or instruction where it deems appropriate in order to comply with applicable law.
- (d) In the event of a change in Investment Funds and/or a Plan merger or spinoff, the Committee, in its sole and absolute discretion, may decide to map investments from a Participant's prior investment fund elections to the then available Investment Funds under the Plan. In the event that investments are mapped in this manner, the Participant shall be permitted to reallocate funds among the Investment Funds (in accordance with the terms of the Plan and any relevant rules and procedures adopted for this purpose) after the suspension period described in Paragraph (a) of this Section (if any) is lifted.

4.11. Puerto Rico Property. The Committee may elect to provide an Investment Fund consisting of a Puerto Rico mutual fund or other investment alternative that complies with the investment in Puerto Rico property alternative of PR Code Section 1081.01(b)(1).

ARTICLE 5

ACCOUNT STATEMENTS AND VALUATION

5.01. Valuation of Accounts. As of each Valuation Date, the Accounts of each Participant shall be adjusted to reflect any appreciation or depreciation in the fair market value and any income earned by each Investment Fund in which the Participant's Accounts are invested since the prior Valuation Date. Such fair market value shall be the aggregate fair market value of all securities or other property held for each Investment Fund, plus cash and accrued earnings, less accrued expenses and proper charges against each Investment Fund.

When determining the value of the Participant's Accounts, any deposits due which have not been deposited in the Trust Fund on behalf of the Participant shall be added to his Accounts. Similarly, adjustments of Accounts for appreciation or depreciation of an Investment Fund shall be deemed to have been made as of the Valuation Date to which the adjustment relates, even though they are actually made as of a later date.

5.02. Valuation Upon Transfer. Withdrawal. or Distribution. The valuation of Accounts for purposes of an in- service withdrawal, a transfer of Accounts to another Investment Fund, or a cash distribution shall be as described in Section 5.01.

5.03. Statement of Accounts. Each Participant shall be furnished at least annually a statement setting forth the value of his Accounts.

ARTICLE 6

VESTING OF CONTRIBUTIONS

6.01. Vesting of Participant Contributions. Each Participant's Contributions shall at all times be fully vested.

6.02. Vesting of Company Contributions. A Participant shall become fully vested in his Company Contributions upon the earliest of (i) completion of 36 months of service, or (iii) in the event of any one of the following:

- (a) attainment of age 65 while an Employee,
- (b) Retirement,
- (c) Disability while an Employee,

- (d) death while an Employee or while performing “qualified military service” as defined in Section 1.50,
 - (e) termination of the Plan.
- 6.03. Vesting of Rollover Contributions.** Contributions transferred to the Plan pursuant to a Rollover (Section 1.36) shall at all times be fully vested.
- 6.04. Forfeiture on Termination of Employment.** If a Participant’s employment is terminated prior to attainment of age 65 for reasons other than Retirement, Disability, death, or job elimination, the portion, if any, of his Company Contribution Account in which he is not vested shall be forfeited upon the earlier of (i) the accrual of five (5) consecutive Break in Service years, or (ii) the receipt of a cash-out and, under circumstances where all Participant Contributions were distributed prior to Termination of Employment or there are no Participant Contributions, a cash-out will be deemed to have been made on the date the Termination of Employment occurred.
- 6.05. Disposition of Forfeitures.** Forfeitures attributable to former Participants (or Employees) of the Company who has adopted the Plan shall be used to reduce the Company Contributions otherwise payable to the Plan by the Company who has adopted the Plan.
- 6.06. Restoration of Forfeitures.** Any amount forfeited pursuant to the provisions of clause (ii) of Section 6.04 shall be restored to the Account of a Participant if the Participant is reemployed by the Company or an Affiliated Company before he accrues five (5) consecutive Break in Service years. The restoration will occur without the requirement that the Participant repay to the Plan any amounts previously distributed to him.

ARTICLE 7

DISTRIBUTIONS

7.01. Distribution of Benefits.

- (a) Termination of Employment. A Participant who has a Termination of Employment for reasons other than death shall receive a distribution of the value of his vested Accounts in the form of a lump sum. Distribution shall be made as soon as administratively feasible following the valuation of the Participant’s Accounts. Notwithstanding the foregoing, if the Committee has not received an application for distribution by the time specified in subsection (c) below, distribution shall automatically be made in the form of a lump sum at such time.
- (b) Death. The Accounts of a Participant who has died shall be distributed to his Beneficiary in a single lump sum payment. Payment will be made after notification

and verification of the Participant's death. The Accounts shall be valued as of the Participant's date of death, and distribution shall be made as soon as administratively feasible following the valuation of the Participant's Accounts.

- (c) Latest Date for Distribution. Unless otherwise elected pursuant to subsection (a) above, all distributions shall be made no later than 60 days after the close of the Plan Year in which occurs the latest of (i) the date on which the Participant attains (or would have attained) age 65 provided he has a Termination of Employment, or (ii) termination of the Participant's service with the Company.
- (d) QDRO. Notwithstanding subsections (a)-(d) above and Section 11.05, if a qualified domestic relations order, as described in Section 11.05, requires the distribution of all or part of a Participant's benefits under the Plan, the acknowledgment of the alternate payee's rights to benefits under the Plan in accordance with the qualified domestic relations order shall in all events be applied in a manner consistent with the terms of the Plan. Notwithstanding the foregoing, (i) the Committee is authorized, pursuant to such uniform and nondiscriminatory rules as it shall establish which shall be consistent with applicable law and the terms of the applicable qualified domestic relations order, to cash out benefits to which alternate payees may be entitled prior to the date such benefits would otherwise become payable in accordance with the applicable provisions of the Plan, and (ii) in no event shall the recognition of an alternate payee's rights in accordance with this Section 7.01(d) be deemed to include the right to make a withdrawal pursuant to the provisions of Article VIII or to receive any benefits in the form of a partial payment.

7.02. Proof of Death and Right of Beneficiary. The Committee may require and rely upon such proof of death and such evidence of the right of any Beneficiary to receive the undistributed value of the Accounts of a deceased Participant as the Committee may deem proper, and its determination of death and of the right of such Beneficiary or other person to receive payments shall be conclusive.

7.03. Completion of Appropriate Forms and Procedures. The Committee has prescribed forms/procedures providing notice to it in order for a distribution to be made under the Plan. In the event a Participant or a Beneficiary does not comply with such procedures before the date a distribution becomes payable under the terms of the Plan, payment of such Participant or Beneficiary's Accounts may, at the option of the Committee (taking into account Section 11.13), be mailed to the Address of Record as provided in Section 11.09.

7.04. Investment Pending Distribution.

- (a) The provisions of Sections 4.06 shall continue to apply to the Accounts of inactive Participants.

- (b) A Participant is not entitled to any interest, dividends or any other form of investment proceeds on his Account for the period between the Valuation Date on which his Account is valued for payment and the date payment is made.

7.05. Direct Rollovers.

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article, a distributee may elect, at the time and in the manner prescribed by the Committee, to have his entire Plan distribution paid directly to a qualified retirement plan described in PR Code Section 1081.01(a) or to an individual retirement account described in PR Code Section 1081.02 specified by him.

ARTICLE 8

WITHDRAWAL PRIOR TO TERMINATION OF EMPLOYMENT AND SPECIAL PRE-TAX CONTRIBUTION RULES

- 8.01. Election to Withdraw from Accounts.** As of any Valuation Date and subject to Sections 8.02, 8.03 and 8.04, an active Participant may elect to withdraw, in cash only and in a stated amount, all or a portion of the his After-Tax Contributions Account or due to hardship as specified in Section 8.04, from his Pre-Tax Contribution Account.

- 8.02. Order of Withdrawal from Accounts.** Withdrawals as described in Section 8.01 and subject to the rules of Section 8.03 shall be applied by the Committee against a Participant's Accounts in the order and classification as follows:

Tax-Free Withdrawal: If applicable, the amount in his After-Tax Contribution Account that may be withdrawn on a tax-free basis.

Hardship Withdrawal: An active Participant who qualifies for a financial hardship as defined in Section 8.04 may make a withdrawal of his Accounts in the following order:

- (i) After-Tax Contributions.
- (ii) The value in his Rollover Contribution Account.
- (iii) The value of his Pre-Tax Contribution Account (excluding earnings and accretions thereon).

- 8.03. Rules Applicable to Withdrawals Prior to Termination of Employment.** The following rules shall, except as noted in Section 8.04, apply to withdrawals under this Article 8:

- (a) Withdrawals may only be made by prior notice to the Committee in the manner prescribed by the Committee.
- (b) Excluding hardship withdrawals, no more than one withdrawal may be made in any six-month period. Except as may be specified by the Committee, no more than one hardship withdrawal may be made in any twelve-month period.
- (c) Excluding hardship withdrawals, in no event may a Participant make a withdrawal in an amount less than \$1,000, or the maximum amount available for withdrawal as a Tax-Free Withdrawal. In no event may a Participant make a Hardship withdrawal in an amount less than \$2,500.
- (d) In no event may a Participant elect an order of withdrawal other than set forth in Section 8.02, nor may a Participant select the classification or Investment Fund from which his stated amount of withdrawal will be withdrawn.
- (e) To the extent feasible, the Committee, upon receipt of a withdrawal application, will inform a Participant of any suspensions that will occur as a result of the withdrawal.
- (f) Payments of withdrawal amounts will be made as soon as practicable after a Participant's election to withdraw and only as of a preceding Valuation Date.
- (g) Amounts received from a Rollover or any prior, Affiliated or Predecessor Plan in a trust-to-trust transfer which were subject to PR Code Section 1081.01(d) under such Plan shall be subject to PR Code Section 1081.01(d) requirements under this Plan.

8.04. Hardship Withdrawals. Financial hardship for purposes of Section 8.02 shall mean that a Participant requires a withdrawal of money for an immediate and heavy financial need. A Hardship withdrawal will be considered to be necessary to satisfy the financial need if it does not exceed the sum of (i) the amount required to meet such need, and (ii) any amounts necessary to pay Puerto Rico income taxes reasonably anticipated as a result of the distribution. In addition, no hardship withdrawal shall be permitted unless the Participant has obtained all other currently available distributions (other than hardship distributions) and nontaxable loans available under any other Affiliated Plan (including, without limitation, any qualified and non-qualified deferred compensation plan and any cash or deferred arrangement that is part of a cafeteria plan (other than mandatory employee contributions under a welfare plan or pension plan). The Participant is prohibited from making Pre-Tax Contributions to the Plan for a period of twelve-months after the Participant receives the hardship withdrawal. Purchase by a Participant of a primary residence, the need to prevent eviction or foreclosure on the primary residence of a Participant, postsecondary education tuition, related fees, or room and board for a Participant, or his Spouse, child or dependents for the next twelve months, and any non-reimbursed medical expense (within the meaning of PR Code Section 1033.15(a)(4)) of a

Participant, his Spouse or dependents may generally be considered situations of heavy financial need, unless otherwise governed by law or regulation..

8.05. Restrictions on Pre-Tax Contribution Distributions. Notwithstanding any other provision in this Plan to the contrary, a Participant's Pre-Tax Contribution Account may not be distributed earlier than upon one of the following events:

- (a) The Participant's Retirement, death, Disability or Termination of Employment;
- (b) The termination of the Plan without the establishment of a successor plan;
- (c) A Participant's Hardship, restricted as set forth in Section 8.04; or
- (d) The sale or other disposition of the Company to an unrelated corporation, which does not maintain the Plan, of substantially all of the assets used in a trade or business, but only with respect to Employees who continue with the acquiring corporation.

This Section is intended to comply with the earliest distribution requirements of PR Code Section 1081.01(d)(2)(B) and applicable regulations and is not intended to add any forms of distribution not otherwise allowed under the Plan.

8.06. Declared Disaster Distributions.

(a) Upon a written determination by the Puerto Rico Secretary of the Treasury by regulation, administrative determination, circular letter or informative bulletin of general application (each a, and in conjunction, "Governmental Disaster Guidance") after a declaration of disaster by the Governor of Puerto Rico as defined in Section 1031.01(b)(16)(C) of the PR Code, the Committee shall review the Governmental Disaster Guidance and communicate to Participants if Declared Disaster Distributions will be available from the Plan and the conditions and limitations applicable to such distributions (the "Committee Guidelines").

(b) Distributions under this Section 8.06 cannot exceed \$100,000 or such other lesser limit imposed by the Committee (the "Disaster Limit"). A Participant may make several withdrawals under this Section 8.06 until he has reached the Disaster Limit. If the Committee, or its delegate, determines in accordance with a uniform and nondiscriminatory policy that the Participant meets the requirements of this Section 8.06, the Committee Guidelines and the Governmental Disaster Guidance, it may direct the Trustee to distribute the amount requested to the Participant provided that, such distribution will be made first from sources that have not been taxed and secondly, from sources that have been taxed and amounts upon which income tax has been pre-paid.

(c) A Participant who has terminated employment with the Company but is not eligible to receive a distribution from the Plan, who otherwise meets the requirements of this Section 8.06 is eligible to request a distribution under this Section 8.06 as if such Participant were still employed by the Company.

ARTICLE 9

ADMINISTRATION OF THE PLAN

- 9.01. Committee.** The Committee shall have the sole discretion to make decisions and take actions with respect to questions arising in connection with the Plan, including but not limited to the determination of questions of eligibility and participation, the amount, manner and timing of benefits, the construction, interpretation and application of the Plan and Trust Agreement and the application thereof to relevant facts, as determined by the Committee. Any such decision or action shall be final and binding upon all Participants and Beneficiaries.
- 9.02. Indemnification by Company.** To the extent not insured by any insurance company pursuant to the provisions of any applicable insurance policy, the Company shall indemnify and hold harmless the members of the Committee and their assistants from any and all claims, demands, lawsuits, or proceedings in connection with the Plan, including the expenses of defense, provided, that such indemnification shall not apply to any person for such person's act of willful misconduct.
- 9.03. Plan Expenses.** The expenses of administering the Plan, including, without limitation, reasonable fees and expenses of the Trustee, certified public accountants, legal counsel, recordkeepers, auditors, investment managers and investment advisors, shall be paid from the trust established in accordance with Section 4.01 unless paid directly by the Company at its election.

The Committee shall determine the manner in which fees described in this Section 9.03 shall be charged against the Accounts or Investment Funds held in the Trust.

ARTICLE 10

AMENDMENTS, TERMINATION, PERMANENT DISCONTINUANCE OF CONTRIBUTIONS, MERGER OR CONSOLIDATION

- 10.01. Amendment of the Plan.** The Board of Trustees shall have the authority to make amendments to the Plan to ensure compliance with applicable law and to make other amendments to the Plan including the authority to appoint and remove trustees for the Plan and to establish and amend trust agreements. Except as otherwise reserved to the Board of Trustees or a committee thereof pursuant to the Plan, the Committee shall have the right to

amend or modify the Plan, in whole or in part, at any time, in accordance with the procedure described in Section 9.01, subject to the following:

- (a) No amendment or modification may be made which has the effect of decreasing retroactively the Accounts of any Participant or of reducing the nonforfeitable percentage of the Company Contribution Account of a Participant below the nonforfeitable percentage thereof computed under the Plan as in effect on the later of the date on which the amendment is adopted or becomes effective;
- (b) Except to the extent permitted by law and Section 10.02, no amendment or modification may be made to cause any part of the assets of the Plan to be used for, or diverted to, purposes other than for the exclusive benefit of Participants, including retired Participants, Surviving Spouses or Beneficiaries, and the payment of expenses of the Plan prior to the satisfaction of all liabilities for benefits under the Plan;
- (c) If an individual is not a Participant or is a retired Participant on or after the effective date of any amendment or modification to the Plan, the amendment or modification shall not affect such individual's benefit unless the Committee or the Board of Trustees specifically provides otherwise;
- (d) To the extent permitted by law, any modification or amendment of the Plan may be made retroactively, if the Committee (or the Board of Trustees) shall deem retroactive application thereof to be necessary or appropriate, either to comply with any law or regulation, or otherwise.

10.02. Termination or Permanent Discontinuance of Contributions. The Board may terminate the Plan with respect to all or any groups of Participants or direct a complete discontinuance of contributions hereunder for any reason at any time. In case of such termination or complete discontinuance of contributions hereunder, there shall automatically vest in the appropriate Participants nonforfeitable rights to the Company Contributions credited to their Accounts and the total amount in each Participant's Accounts shall be distributed, as the Committee shall direct, to him or for his benefit.

10.03. Benefits in Case of Merger or Consolidation. The Plan may not be merged or consolidated with, nor may its assets or liabilities be transferred to, any other plan unless each Participant, Spouse, former Participant, retired Participant or Beneficiary under the Plan would, if the resulting plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer if the Plan had then terminated.

ARTICLE 11

MISCELLANEOUS

11.01. Benefits Payable from Trust Fund. All persons with any interest in the Trust Fund shall look solely to the Trust Fund for any payments with respect to such interest.

11.02. Elections. Elections hereunder shall be made by a Participant in writing by the completion and delivery to the Committee of forms prescribed by the Committee for such purposes, or in such other manner as may be prescribed by the Committee, within the time limits set forth hereunder with respect to each such election or, if no time limit is set forth, such limit as may be established by the Committee.

11.03. No Right to Continued Employment. Neither the establishment of the Plan nor the payment of any benefits thereunder nor any action of the Company, the Board of Trustees, the Committee or the Trustee shall be held or construed to confer upon any person any legal right to be continued in the employ of the Company.

11.04. Inalienability of Benefits and Interests.

- (a) No benefit payable under the Plan or interest in the Trust Fund shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of any Participant, Spouse or Beneficiary.
- (b) If any Participant, Spouse or Beneficiary shall become bankrupt or shall attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any benefit payable under the Plan or interest in the Trust Fund, then to the extent permitted by law, the Committee in its discretion may hold or apply such benefit or interest or any part thereof to or for the benefit or interest or any part thereof to or for the benefit of such Participant, or his Beneficiary, his Spouse, children, blood relatives, or other dependents, or any of them, in such manner and in such proportions as the Committee may consider proper.
- (c) Notwithstanding the provisions in (a) and (b) above, any Participant may direct that benefits payable pursuant to Articles 7 or 8 from the Trust Fund shall be paid to the trustee of a trust created by him for his own benefit and for the benefit of his immediate family.

- (d) Notwithstanding any provision of the Plan to the contrary, this Section 11.04 shall not apply to an offset of the Participant's benefits under the Plan which is permitted pursuant to a qualified domestic relations order.

11.05. Qualified Domestic Relations Orders.

- (a) The provisions in Section 11.04(a) shall also apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined to be a qualified domestic relations order.
- (b) If the Committee is in receipt of a domestic relations order, or the Committee is otherwise aware that a qualified domestic relations order affecting a Participant's Account is being sought, the Committee may take such action as necessary (including, without limitation, restricting the Participant's ability to withdraw or borrow funds in his or her Accounts) in order to administer the Plan consistently with the terms of any such qualified domestic relations order.

11.06. Payments for Exclusive Benefit of Participants. Payments of benefits in respect of the interest of a Participant under the Plan to any person other than such Participant in accordance with the provisions of the Plan shall be deemed to be for the exclusive benefit of such Participant.

11.07. Puerto Rico Law to Govern. All questions pertaining to the construction, regulation, validity and effect of the provisions of the Plan shall be determined in accordance with the laws of Puerto Rico.

11.08. No Guarantee. Neither the Company nor the Trustee guarantee the Trust Fund in any manner against loss or depreciation.

11.09. Address of Record. Each individual or entity with an actual or potential interest in the Plan shall file and maintain a current record address with the Plan. Communications mailed by the Company, the Trustee, or the Committee to such record address fulfills all obligations to provide required information to Participants, including former employees, surviving Spouses and Beneficiaries, in regard to the Plan. If no record address is filed, it may be presumed that the address used by the Company, the Trustee or the Committee in forwarding statements of a Participant's Account is the record address.

11.10. Unlocated Spouse. Notwithstanding the consent requirement in Section 1.08, if the Participant establishes to the satisfaction of the Committee that such written consent cannot be obtained because there is no Spouse or the Spouse cannot be located, a waiver shall be deemed to be valid. Any consent necessary under Section 1.07 will be valid only with

respect to the Spouse who signs the consent or in the event of a deemed election, the designated Spouse.

11.11. Plan Administrator. The Plan Administrator shall be the Committee and it shall be responsible for the performance of all reporting and disclosure obligations under applicable law and regulations promulgated by any federal, state and local agency, provided that the Committee may delegate under Section 9.02 some or all of such duties as Plan Administrator.

11.12. Agent for Process. The Secretary of the Company shall be the designated agent for the service of legal process.

11.13. Payments in the Event of Incompetency. If the Committee finds that a Participant or other person entitled to a benefit is unable to care for his affairs because of illness or accident or is a minor, the Committee may direct that any benefit due the Participant, unless claim shall have been made therefore by a duly appointed legal representative, be paid to his Spouse, a child, or a parent for the benefit of such Participant, and any such payment so made shall be a complete discharge of the liabilities of the Plan therefor.

11.14. Payment of Expenses.

- (a) Direct charges and expenses arising out of the purchase or sale of securities, and taxes levied on or measured by such transactions may be charged against the Account(s) or Investment Fund for which the transactions took place.
- (b) Direct charges or expenses arising out of the establishment and maintenance of any funding account with an insurance company or other financial institution may be charged against the Account(s) or Investment Fund for which the funding account is established.
- (c) Investment manager fees arising out of the establishment and maintenance of any Investment Fund may be charged against the Investment Fund for which the Investment Manager fees are incurred.
- (d) Trustee fees attributable to the Trust, auditor fees for the plan, and Puerto Rico Treasury Department user fees may be paid directly from the Trust. The Committee shall determine the manner in which these fees shall be charged against the Account(s) or Investment Funds held in the Trust.
- (e) Any other charges or expenses relating to the maintenance or administration of the Plan that are permitted under applicable law to be paid from the Trust including, but not limited to, recordkeeping fees, may be paid directly from the Trust. The

Committee shall determine the manner in which these charges and expenses shall be charged against the Accounts or Investment Funds held in the Trust.

- (f) Any of the expenses in (a)-(e) above may, at the option of the Company, be paid wholly or partly directly by the Company.
- (g) The Company shall pay all other expenses reasonably incurred in administering the Plan.
- (h) The Committee may authorize additional expenses to be charged directly from the Trust; provided that payment of such additional expenses from the Trust is permitted under applicable law, such fees are reasonable, and that any change in fee policy is communicated to Participants in a timely manner.

11.15. Headings. Headings of Articles and Sections of the Plan are inserted for the convenience of reference. They constitute no part of the Plan.

ARTICLE 12

CLAIM PROCEDURE

12.01. Initial Review of Claims. The claims procedure shall be as follows:

- (a) Claim. A Participant or Beneficiary or other person who believes that he is being denied a benefit to which he is entitled (hereinafter referred to as “Claimant”) may file a written request for such benefit with the Plan Administrator setting forth his claim. Such written request must be filed within four (4) years of the Participant having knowledge of the claim. A claim filed after the passage of four (4) years shall be time barred. The Participant shall be so notified.
- (b) Response to Claim. The Plan Administrator shall respond within ninety (90) days (45 days in the case of a claim for a Disability Retirement Benefit) of receipt of the claim. However, upon written notification to the Claimant, the response period may be extended, for an additional ninety (90) days (two additional 30-day periods in the case of a claim for a Disability Retirement Benefit). The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the plan expects to render the determination. In the case of a claim for a Disability Retirement Benefit, the notice of an extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information. If the claim is denied in whole or in part, the

Claimant shall be provided with a written opinion using nontechnical language calculated to be understood by the Participant setting forth:

- (i) the specific reason or reasons for denial;
- (ii) the specific references to pertinent Plan provisions on which the denial is based;
- (iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why such material or such information is necessary;
- (iv) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review;
- (v) the time limits for requesting a review; and
- (vi) a statement of the Claimant's right to bring a civil action under applicable Puerto Rico law following the adverse benefit determination on review.

12.02. Review of Claim Denial.

- (a) Within sixty (60) days (180 days in the case of a claim for a Disability Retirement Benefit) after the receipt by the Claimant of the written opinion described above, the Claimant may request in writing that the Plan Administrator review the determination.

The Claimant or his duly authorized representative may review the pertinent documents and submit written comments, documents, records, and other information for consideration by the Plan Administrator. The Claimant shall be provided, upon request and free of charge, reasonable access to and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits. If the Claimant does not request a review of the Plan Administrator's determination within such sixty (60) day period (180 days in the case of a claim for a Disability Retirement Benefit), he shall be barred and stopped from challenging the Plan Administrator's determination.

The Plan Administrator shall review the determination within sixty (60) days (45 days in the case of a claim for a Disability Retirement Benefit) after receipt of a Claimant's request for review; provided, however, that for reasonable cause such period may be extended due to special circumstances for an additional sixty (60) days (45 days in the case of a Claim for a Disability Retirement Benefit). In the case of a claim for a Disability Retirement Benefit, the notice of an extension shall specifically explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least 45 days within which to provide the specified information. In the case of a committee that meets at least on a regular quarterly basis, the committee shall make

a benefit determination no later than the meeting date that immediately follows the Plan's receipt of the request for a review, unless the request for review is filed within 30 days before the meeting date. In such case, the benefit determination may be made no later than the date of the second meeting following the Plan's receipt of the request for review. After considering all materials presented by the Claimant, the Plan Administrator will render a written opinion, written in a manner calculated to be understood by the Claimant setting forth the specific reasons for the decision and containing specific references to the pertinent Plan provisions on which the decision is based. If the claim is denied in whole or in part, the Claimant shall be provided with a written opinion using nontechnical language setting forth:

- (i) the specific reason or reasons for denial;
- (ii) the specific references to pertinent Plan provisions on which the denial is based;
- (iii) statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits;
- (iv) a statement describing any voluntary appeal procedures offered by the Plan and the claimant's right to obtain the information about such procedures; and
- (v) a statement of the Claimant's right to bring a civil action under applicable Puerto Rico law.

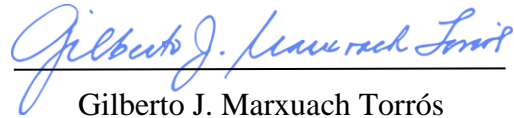
(b) Procedures (General). The following procedures shall apply to any claim filed or reviewed pursuant to this Section:

- (i) Any Claimant may be represented by an authorized representative; however, the Administrator may determine reasonable procedures to determine whether any individual is authorized to act on behalf of another individual.
- (ii) The Administrator or any other person or persons acting as a named fiduciary for this purpose shall determine administrative safeguards designed to ensure and verify that all determinations are made in accordance with governing Plan documents and that all Plan provisions are applied consistently with respect to similarly situated claimants.
- (iii) The response periods described in subsections (2) and (4) shall be tolled for periods during which the Claimant is responding to a request for additional information that the Administrator or other named fiduciary has determined is necessary to process the claimant's claim. The claimant shall have not less than 45 days to provide the requested information. The response periods described in subsections (2) and (4) shall recommence when the claimant provides the requested information.

IN WITNESS WHEREOF, the undersigned has executed this Restatement of the Universidad del Sagrado Corazón Savings Plan effective as of July 1, 2020, on this 28th day of October of 2020.

Universidad del Sagrado Corazón

By:



Gilberto J. Marxuach Torrós

President

SCHEDULE A
COMPENSATION

I. The following payments are included as Compensation for all Participants:

All Compensation reported on a Participant's Puerto Rico W-2.