



Policy Section	Policy Number	Policy Name
Performance Management & Development	<b>203</b>	<b>Tuition Reimbursement</b>
	Effective Date:	Ongoing Policy
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	Modified By:	Human Resources

**203 – Tuition Reimbursement**

We believe in supporting employees who choose to advance their education by participating in educational courses that improve their job performance and increase their potential for advancement in the Company.

All full-time employees with a minimum of one (1) year of service with the Company are eligible to receive tuition reimbursement provided they are in good standing with the Company and satisfy all other requirements of their position.

**I. Purpose.** SPARC Group LLC’s (“SPARC” or “Company”) Tuition Reimbursement Program (“Program”) was established to invest in the future career growth of SPARC employees who have proactively taken steps to enhance their knowledge and increase their skill set through higher education. The Program will be administered in accordance with the guidelines set forth below.

All references to “SPARC” include the brands Aéropostale, Brooks Brothers, Eddie Bauer, Forever 21, Lucky Brand, Nautica, and Reebok, operated by the Company and its affiliates.

**II. Eligibility.** “Eligible Employee” means any current SPARC employee who meets all the following criteria:

- Must be classified as a regular, full-time employee;
- Must have at least one (1) year of continuous employment with a SPARC brand prior to class start date;
- Must be in good standing at the Company, which includes not having a disciplinary record; and
- There must be a clear alignment between the employee’s educational pursuit and the Company’s business needs.

**III. Application Process.** An Eligible Employee must complete an application for tuition payment reimbursement for each course at least four (4) weeks prior to the start of the course(s), which must be signed by the employee and the employee’s manager (“Application”).

\*Note: There is a limit of two (2) courses per one (1) semester/quarter for each Applicant.

An Eligible Employee who applies for the Program (each an “Applicant”) must include the following documents with their Application (“Documents”):

1. Summary of course from approved school (the course must not conflict with or interfere with the Applicant’s hours of work at SPARC and ability to perform the Applicant’s current job

- responsibilities; the Applicant must prepare and study for the course on the Applicant's own personal time); and
2. Proof of the tuition payment (official itemized bill indicating individual charges, along with a receipt, credit card statement, or canceled check)

\*Note: SPARC reserves the right to request additional documents.

The Application with the Documents should be emailed to [tuition@sparcgroup.com](mailto:tuition@sparcgroup.com). Upon receipt, the Committee for Tuition Reimbursement ("Committee") will review the submission. The determination to approve or deny the Application will be made by the Committee within thirty (30) days after receipt of the complete submission.

**IV. Tuition Reimbursement Payment.** An Applicant who is approved for the Program is responsible for the full payment of all course expenses. The Program will pay fifty percent (50%) of the tuition and other mandatory expenses required for the course enrollment up to the annual IRS non-taxable limit for that calendar year. However, costs for books, travel, testing, meals, lodging, and transportation, or any other non-tuition-related fees, including parking fees, activity fees, registration fees, or penalty fees, will not be reimbursed.

In order to receive the Tuition Reimbursement Payment, the Applicant must provide documentation of the Applicant's successful completion of the approved course referred to in the Application within sixty (60) days after the end of the course or date of the final exam, whichever is later. To be deemed successful in completing a course, the Applicant must achieve at least a grade of "C" (or equivalent). Applicant must email the documentation to [tuition@sparcgroup.com](mailto:tuition@sparcgroup.com)

Upon receipt of the required and satisfactory documentation, the tuition reimbursement payment will generally be processed as soon as administratively possible through the next payroll cycle.

**V. Approved Institutions and Programs.** Colleges, universities, technical or business schools, adult education, and professional programs must meet the following qualifications to be considered for approval:

1. Colleges and Universities - Approved by the New England Association of Colleges and Secondary Schools (NEACSS) or the equivalent regional association within the United States. Regional examples: Northwest Commission on Colleges and Universities (NWCCU), Southern Association of Colleges and Schools (SACS), Western Association of Schools and Colleges (WASC), North Central Association of Colleges and Schools (NCACS), and others.
2. Technical Institutions or Schools - Accredited by the appropriate State Board of Education and specifically related to an Applicant's current job or other positions within SPARC to which the Applicant may reasonably be transferred or promoted.
3. Special Programs - These are limited to bona fide classroom lecture courses generally taken after working hours and must clearly relate to an Applicant's present position. For example, a computer programming course at a local community college. Professional certification or exam prep courses, such as CPA, CFA, or board exam, may be eligible for reimbursement under departmental employee development and are not eligible for this Program.

**VI. Eligible Courses and Majors.** Courses eligible for reimbursement will fall into one of the following reimbursement plan categories:

1. Current or Future Job-Related Basic Reimbursement Plan – This plan covers any undergraduate course that relates to maintaining or improving skills required in the present position for retaining current job, pay, or status. Additionally, it covers courses that relate to a position within SPARC, in which the Applicant may eventually be transferred or promoted or meet the minimum requirements of a job. This plan will also provide assistance for the attainment of a GED, ESL course, or the equivalent.
2. Current Job-Related Supplemental Reimbursement Plan – This plan will provide educational assistance to the Applicant for any graduate course, which enables the Applicant to maintain or improve the skills required in the Applicant’s current position or to meet the requirements of SPARC to retain the Applicant’s job, pay, or status. However, the chosen major must be business-oriented and will enhance the Applicant’s career within the Company.

Business-related majors qualify for education assistance under the Program. Business-related majors refer to majors in business administration, accounting and finance, fashion, merchandising, marketing, advertising, engineering disciplines (applicable to the retail & fashion industries), human resources, information systems, etc. All courses that are required for a business-related major degree (a pre-requisite) will be eligible for reimbursement under the terms of this Program.

Non-business-related majors (for example, social studies, education, medicine, psychology, theology, etc.) do not qualify for educational assistance. In addition, non-business-related electives will also be excluded.

**VII. Seminars, Conferences, Workshops, Elective Certification.** Seminars, conferences, workshops, and elective certifications are not covered under the Program. However, attendance at these job-related sessions may be approved and paid for by your specific department budget.

**VIII. Repayment of Tuition Reimbursement upon Termination.** An Applicant will be required to repay the Company the prorated amount if the Applicant is terminated by the Company or voluntarily terminates service with the Company within one (1) year after receipt of the tuition reimbursement in accordance with the following repayment schedule:

Less than three (3) months after receipt of tuition reimbursement	100% Repayment
Less than nine (9) months after receipt of tuition reimbursement	66.6% Repayment
Less than 12 months after receipt of tuition reimbursement	50% Repayment
12 months or more after receipt of tuition reimbursement	0% Repayment

The repayment amount may be deducted from the Applicant’s final paycheck (unless applicable state laws provide otherwise).

In the event an Applicant submits a notice of resignation or has been terminated, the Application will not receive tuition reimbursement payment (even if the Applicant was approved to receive the tuition reimbursement and/or successfully submitted all required documentation for issuance of the tuition

reimbursement payment An Applicant who is laid off during or after completing an approved course is eligible for tuition reimbursement.

The Company reserves the right to deny a previously approved Application based on a change(s) in the Applicant's job performance or violation of the Company's Policies and Procedures. For further information on the Company's Policies and Procedures, please refer to the Employee Handbook.

**IX. Tax Status for US.** The current Federal tax law provides that educational assistance reimbursements for qualified programs (excluding graduate-level courses) beginning before June 1, 2000, and not exceeding \$5,250 per year are excludable from an employee's gross income. Taxability of reimbursements varies from state to state. If the current law is extended for future periods, notice of such extension will be provided by the Company's Tax Department.

It is intended that reimbursements made under this Program will be excludable from the gross income of the Applicant as provided under Internal Revenue Code Sections 127 and 132. In some cases, these reimbursements may create taxable income for the Applicant. Any taxes that may arise out of the reimbursement of educational assistance under this Program are the sole responsibility of the Applicant. Therefore, if any educational assistance reimbursements are determined to be taxable income to the Applicant, SPARC will withhold the appropriate amounts.

**X. Tax Status for Canada.** The annual limit is tied to the US IRS limit. Generally considered, courses taken to maintain or upgrade employment-related skills are mainly for your benefit when it is reasonable to assume that the employee will resume their employment for a reasonable period of time after they finish the course.

For example, tuition fees and other associated costs such as books, meals, travel, and accommodation that you pay for courses leading to a degree, diploma, or certificate in a field related to your employee's current or future responsibilities in your business are not taxable benefits.

**XI. Administration.** SPARC may adopt such rules, regulations, and guidelines as may be necessary for the administration of the Program. The Company will have full discretion and final authority with respect to the administration of the Program and its decisions, or those of the Human Resources Department on behalf of the Company will be binding on all parties. The Company shall have the authority to delegate its responsibilities to the Company's Human Resources Department.

The Company's Human Resources Department has the sole and absolute authority to review and interpret any terms of the Program, and its findings following such review and interpretation shall be final, conclusive, and binding. Please note that the Company reserves the right to limit approved applications and tuition reimbursement to employees.

In the event that a request for tuition reimbursement is denied, the Applicant shall be furnished with notice of the decision and the specific reason(s) for the denial within thirty (30) days after the decision is made.

The Program shall not be considered a contract between the Company and any Applicant or consideration or an inducement for the employment of any Applicant. Nothing contained in the Program shall be deemed to give any Applicant the right to be retained in the service of the Company or change the at-will nature of the Applicant's employment with the Company.

The Company reserves the right to change the Program, including any approval decisions, with or without notice. Any change to the Program must be approved in writing by the Company's Chief Human Resources Officer.

If employees have any questions concerning this policy, they should contact the Human Resources Department.