



Argos USA

POLICY NO: 535

EFFECTIVE DATE: 8-10-2015

REVISION DATE: 10/01/2020

VACATION

Purpose

The purpose of this policy is to provide guidelines on administering vacation leave for regular status employees.

Scope

This policy applies to all Salaried and non-Union hourly employees of Argos USA.

Policy

Eligibility for vacation will be based upon continuous service with the Company. For the purposes of this policy only, continuous service includes service with predecessor companies.

Part-time employees are not eligible for vacation unless they are regularly scheduled for at least 30 hours per week.

Salaried employees will be paid at their normal salary during vacation periods taken and hourly employees will be paid their regular hourly rate for the hours of vacation taken.

Employees earn Vacation based on whether they are a Salaried or Hourly employee and Years of Service as Follows:

Salaried employees, earn vacation time according to the following schedule:

Years of Service	Vacation Earned
1 calendar year but less than 3 calendar years	6.66 hours per month (2 weeks)
3 calendar years but less than 10 calendar years	10.00 hours per month (3 weeks)
10 calendar years but less than 20 calendar years	13.33 hours per month (4 weeks)
20 calendar years or longer	16.66 hours per month (5 weeks)

Revised 1/10/2020

New salaried employees begin to earn vacation immediately upon their employment. As of January 1st of the year following their hire date, vacation time will be earned as described in the chart above.

Hourly employees, earn vacation time according to the following schedule:

Years of Service	Vacation Earned
1 calendar year but less than 5 calendar years	6.66 hours per month (80 hours or 2 weeks)
5 calendar years but less than 15 calendar years	10.00 hours per month (120 hours or 3 weeks)
15 calendar years or longer	13.33 hours per month (160 hours or 4 weeks)

New hourly employees earn vacation hours starting after 2 months of employment at a rate of 4 hours per each full month worked during their first calendar year of employment. As of January 1st following the hire date vacation time will be earned as described in the chart above.

Earned vacation time for all employees will increase based on the salaried or hourly charts above as of January 1 of the calendar year in which their service anniversary date occurs.

Example:

Hourly employee hired on June 1, 2010:

- 2010 - Can earn and use 20 hours of vacation (5 months X 4 hours)
- 2011 - As of January 1, 2011 will earn up to 80 hours for use in 2011
- 2015 - As of January 1, 2015 will earn up to 120 hours for use in 2015
- 2025 – As of January 1, 2025 will earn up to 160 hours for use in 2025

Please Note: Vacation must be taken within the calendar year in which it was earned. **Vacation time is not cumulative from year to year, and must be taken in accordance with this policy.** Unused vacation will not carry over into the next calendar year nor will it be paid out.

Employees on a paid leave of absence will continue to earn vacation time during those periods. However, employees on an unpaid leave or “income-replacement” leave, such as (i) workers compensation, (ii) short-term disability, will not continue to earn paid vacation time while on these types of leave.

Example: When an employee is on a Family Medical Leave Act (“FMLA”) leave of absence, if he or she is being paid using vacation, vacation time will be earned, but when the paid time off is exhausted, vacation time ceases to be earned.

Change in Position

Employees who move from salaried roles to hourly roles as a result of an action taken by the Company will be allowed to retain the vacation level (hours) already earned due to their seniority. Following the move, any additional vacation hours will be earned in accordance with the Hourly vacation schedule.

Example 1: A salaried employee with 3 years of service is effected by a reduction in force and moves to a hourly role. As a salaried employee, the individual has 3 weeks of vacation. The individual will maintain his 3 weeks of vacation, and will be eligible for a fourth week of vacation in their fifteenth year (per the hourly vacation schedule).

If a salaried employee bids for and is awarded an hourly role; the employee will immediately earn vacation in accordance with the Hourly vacation schedule.

Example 2: A salaried employee with 3 years of service voluntarily bids for and is awarded a hourly role. As a salaried employee, the individual has 3 weeks of vacation. The individual will maintain his 3 weeks of vacation for the balance of the year they transfer. On January 1 of the following year, the employee is awarded 2 weeks of vacation in accordance with the hourly vacation schedule.

Scheduling

It is the supervisor's responsibility to notify the employees of their vacation eligibility and to maintain a vacation schedule. All vacation requests are subject to approval and will be scheduled according to business needs (e.g., at some locations scheduling will be done at the beginning of each year). Any changes to approved vacation dates must be requested a minimum of 2 weeks in advance of the first day of the originally scheduled vacation period. All vacation requests and any changes and/or exceptions must be approved by the employee's manager.

Vacation may be taken throughout the year and will be granted on a "first-requested" basis. Employees should submit vacation requests early to have a better chance of approval of the days they are requesting. Years of service will be considered only to resolve a scheduling conflict. The manager has discretion on how many employees may take vacation at the same time. Vacation requests for a full week or shift block take priority over single day vacation requests. If a recognized holiday falls within the employee's vacation period, that day will not count as a vacation day (that day will instead count as a paid holiday).

Hardship Pay in Lieu of Using Vacation

It is the Company's intention for each employee to take their full allotment of vacation each year. However, in instances of hardship and with the approval of the Department /Division Manager and of the Human Resources representative, **Hourly** Employees can request the "sell" of up to 40 hours of vacation in any calendar year. **Hourly** Employees must first have earned at least 20 hours of vacation to be eligible. Hardship pay-out requests must be submitted for approval in a timely manner to be process in the current calendar year.

Carry Over of Vacation

When business conditions have caused cancellation of an employee's previously scheduled and approved vacation, that employee will be allowed to carry over the amount of vacation that was cancelled into the next year. Vacation time approved for carryover must be submitted to payroll no later than December 31st of the current year to ensure that it is appropriately entered into the system for the next calendar year. Any vacation time carried into the next year must be used by **January 31st of that year**.

Terminating Employees

Employees whose employment is terminated or employees who are laid-off (either temporarily or permanently) as a result of a reduction in force will be paid for their earned but unused vacation. Earned vacation will be paid on a pro-rated basis for each calendar month worked in the current year. Employees that work past the 15th of the month will be paid that month's full earned vacation.

An Employee who has accumulated a minimum of 10 years of continuous service and who is at least 65 years of age at the time of their employment being terminated as a result of a reduction in force; will be treated as a retiring employee (see below) for purposes of paying out vacation. The employee is eligible for the vacation payout regardless of whether he/she receives a severance payout.

Retiring Employees

In the year in which an employee retires; the retiring employee will be "granted" a vacation in accordance with their years of service and will paid out all unused vacation from the "Granted" balance. For the purposes of this policy a "retiring employee" is defined as an employee who has accumulated a minimum of 10 years of continuous service and who is at least 65 years of age.