Flexible Time Off (FTO) for Exempt (Salaried) Employees

Guidelines

A performance-driven culture is one where results are rewarded. We recognize that our exempt employees are often engaged in work-related activities, even while out of the office. As such, we want to recognize that both employees and management need to be flexible in allowing personal time off. Therefore, rather than allotting a specific number of vacation or paid time off days annually, regular full time, non-union exempt employees will take the amount of paid time they need for purposes such as vacation, travel, and non-extended illness or injury, subject to their professional judgment and to the performance expectations of their Manager. Employees will be expected to take time off (not exceeding 10-day increments) and Managers will be expected to reasonably approve time off. The spirit of this policy is that exempt employees are paid for the work they do; not the hours they spend doing it. The key provisions of these guidelines include:

- No formal vacation or time off policy
- No set amounts awarded to employees and no annual maximums, subject to employees satisfying the performance expectations of their positions
- Compensation is not reduced
- No accrual

**Eligibility**
All regular full time, non-union exempt employees. The time off policies described in this communication are applicable to the non-union employees of the company. Time off for employees covered by collective bargaining agreements is addressed in those agreements, and is different from what is described in this communication. The policy takes effect on either January 1, 2017, or for employees on an approved leave of absence, when they actively return to work.

**Request Process**
1. Employees should select days off to achieve appropriate work/life balance consistent with their professional obligations (with the exception of unplanned absences due to illness, in which case employees should provide their managers with as much advance notice as possible under the circumstances).
2. Managers must approve all requested time off in the appropriate timekeeping system, Workday or Kronos, and monitor performance to ensure that all job responsibilities are satisfied.
3. Employees must notify those who need to know about the timing and duration of any time off.
4. Employees must continue to request time off through the current online request process via Workday. Failure to report time off will be considered a performance issue and subject to corrective action for both the employee and Manager (i.e. it will be assumed that the supervisor has not permitted the employee to take time off).

**What type of time off is covered?**

- Regular time off, not to exceed ten consecutive work days unless pre-approved by department head for purposes of: vacation, relaxation, personal needs, floating holidays, regular family needs, non-extended illness or injury (similar to how sick days were used in the past), the preventive care, care, diagnosis, or treatment of an existing health condition of either the employee, a covered family member, or other person under applicable state or local law, time off for victims of domestic violence, sexual assault, or stalking, and bereavement leave.
• The Company is confident that our professional exempt employees will not abuse this policy and will continue to exercise good judgment in determining when – or how much – time to take time off, while ensuring that work demands and performance goals are still meet. This includes giving appropriate consideration to others with regard to advance notice and coordination of time off.

**What type of time off is not covered?**

• We appreciate that general business demands limit a professional employee’s ability to take extended periods of time away from work. Consequently, this policy does not allow for paid time away from work that exceeds 10 consecutive business days at one time. If an employee wants or needs to take more than 10 consecutive business days away from work at one time, then he/she must request written approval from his/her department head.
• This policy is not intended to address unplanned absences that exceed ten consecutive work days. Employees who require more extended time away from work should consult with Human Resources for assistance applying for an appropriate leave of absence (noting that paid time off under this policy cannot be used for leaves of absence that exceed ten consecutive days).
• Employees are expected to avail themselves of all available paid wage replacement programs under Short -Term Disability (STD) coverage, Long-Term Disability (LTD) coverage, state wage replacement programs, and/or similar programs. FTO under this policy may be utilized to make up any difference in pay where such programs do not provide full wage replacement coverage during an employee’s otherwise qualified absence.

**Existing Accrual Balances (applicable to California employees only)**

• All remaining unused vacation time earned or accrued by California employees under any former Company policy as of December 31, 2016 will be frozen and paid out upon termination of employment. Such a record will be preserved and available for viewing in the Company’s human resources system (i.e., Workday). CA employees will also receive and acknowledge a personalized letter confirming their balance. At the discretion of their department manager, California employees with available accrued by unused vacation time may also request to use such time to cover absences that may not qualify for coverage under this policy, such as topping off STD or to receive pay during leaves of absence. To request that this time be used, please contact your local Human Resources partner.