

US & USVI Vacation Policy

Effective January 1, 2021

Scope: United States (US) and US Virgin Islands (USVI)

Eligibility: All regular US and USVI based employees who work at least 20 hours per week, except those covered by a Collective Bargaining Agreement (CBA) or local policy for whom the CBA or local policy shall govern.

Introduction: Employees are encouraged to be mindful of their work/life balance and to take time away from work to rest, relax and rejuvenate. In support of this, the Company proudly provides eligible employees with the generous paid vacation benefit outlined in this policy.

Accruing Vacation: Paid vacation days are accrued monthly over the course of each calendar year based on an employee’s length of service and weekly scheduled hours, as follows:

Weekly Scheduled Hours	First 5 Years of Service		Years 6-15 of Service		Years 16+ of Service	
	# Days Accrued per Month	Maximum # Days per Cal. Year	# Days Accrued per Month	Maximum # Days per Cal. Year	# Days Accrued per Month	Maximum # Days per Cal. Year
35 or more	1.667	20.0	2.083	25.0	2.500	30.0
30.0 - 34.9	1.250	15.0	1.542	18.5	1.875	22.5
25.0 - 29.9	1.042	12.5	1.250	15.0	1.542	18.5
20.0 - 24.9	0.833	10.0	1.042	12.5	1.250	15.0

Note, irrespective of the accrual rate, the maximum number of accrued days over the course of a calendar year will always be rounded to the nearest half day increment.

New hires will begin accruing vacation in the month of hire, irrespective of what date within the month they were hired. Similarly, employees celebrating their 5th or 15th service anniversary will begin accruing at the next higher rate starting on the first day of the month of such anniversary. The table below lists the maximum vacation accrual available to a new hire in their calendar year of hire, and the maximum vacation accrual available to an employee in the calendar year of their 5th or 15th service anniversary.

Month of Hire or Anniversary	New Hires in Year of Hire	Year of 5th Anniversary	Year of 15th Anniversary
January	20.0	25.0	30.0
February	18.5	24.5	29.5
March	16.5	24.0	29.0
April	15.0	23.5	28.5
May	13.5	23.5	28.5
June	11.5	23.0	28.0
July	10.0	22.5	27.5
August	8.5	22.0	27.0
September	6.5	21.5	26.5
October	5.0	21.5	26.0
November	3.5	21.0	26.0
December	1.5	20.5	25.5

Accruing Vacation while on a Paid Leave of Absence: Employees on vacation, a paid leave of absence (such as Paid Family Leave) or Short-Term Disability benefit period will continue to accrue vacation for the duration of their paid leave, up to a maximum of six (6) months of leave. Thereafter, vacation accrual will cease until the employee returns from leave regardless of whether the employee is approved for taking 2 consecutive paid leave and/or benefit period.

Accruing Vacation while on an Unpaid Leave of Absence: Employees on an approved unpaid leave of absence will continue to accrue vacation during the first four (4) weeks of their approved unpaid leave period (“4-Week Grace Period”). Thereafter, vacation accrual will cease until the employee returns from approved unpaid leave. Employees are entitled to only one *4-Week Grace Period* per calendar year.

Example: An employee who is entitled for up to 20 days of vacation per year goes out on an approved unpaid leave of absence from the start of February through the end of May. After returning to work for several months the same employee then goes out on a paid leave of absence for the month of October. Under these circumstances, the employee would accrue vacation as follows:

Month	Status	Monthly Accrual Earned	# Days Available
January	Active	1.667 days	1.5
February	Unpaid LOA	1.667 days (4-Week Grace Period)	3.0
March	Unpaid LOA	0 days (no accrual)	3.0
April	Unpaid LOA	0 days (no accrual)	3.0
May	Unpaid LOA	0 days (no accrual)	3.0
June	Active	1.667 days	5.0
July	Active	1.667 days	6.5
August	Active	1.667 days	8.0
September	Active	1.667 days	10.0
October	Paid LOA	1.667 days	11.5
November	Active	1.667 days	13.0
December	Active	1.667 days	15.0

Rate of Pay: Vacation days, when taken, are paid out at the employee’s base rate of pay (salaried or hourly, as applicable) in effect at the time of absence. Vacation time is not counted as hours worked for purposes of calculating overtime.

Scheduling Vacation: Vacation time may be taken in full or half-day increments. With prior approval from their line manager, employees may use vacation time not yet accrued provided it is time that will be accrued within the same calendar year. Taking time-off from work always requires line manager approval and, excluding unforeseen circumstances, should be requested well in advance to avoid scheduling conflicts that may impact department/business operations. Salaried employees are required to submit their requests for time-off via Workday. Hourly employees are required to submit their requests for time off via TimeClock Plus. Managers are required to enforce the use of these systems to ensure proper tracking of all paid time-off. Once a request is submitted through the appropriate system of record (e.g., Workday or TimeClock Plus), the Company will make every effort to grant employees’ requests to take time off and managers may ask employees to change their requested absence dates to suit business needs. If too many employees request the same date(s), preference will typically be given based on seniority (i.e., length of service) and/or the order in which the requests were received. Conflicts in scheduling paid time off between an employee and the employee’s line manager should be raised with their designated Human Resources representative to help resolve the issue.

The Company reserves the right to mandate the use of accrued vacation days in certain instances, to the extent permitted by applicable law.

Vacation Carryover: Employees, other than in California and elsewhere as required by applicable state law, must use vacation days during the year for which they are accrued. Employees may carryover and utilize any accrued but unused vacation days to January 31st of the next contiguous calendar year (i.e., the year immediately following accrual). Any carryover days that have not been utilized by January 31st of the next contiguous calendar year will forfeit without payment, except where prohibited by law.

Rehires: Former regular employees rehired within five (5) years of their termination date will have their service bridged and will have an adjusted service date. Vacation will be determined based on that adjusted service date. Employees rehired more than 5 years from their termination date will accrue vacation based on the rehire date and are not eligible for service bridging.

Payout Upon Termination: Employees who leave the Company will be paid for all accrued but unused vacation days based on their then current rate of pay. To the extent permitted by applicable law, any payout will be reduced by any used but unaccrued paid time off provided under this or any other Company policy. Employees who leave the Company, and who have used unaccrued vacation days, will be required to reimburse the Company, to the maximum extent permitted by applicable law.

For California, Colorado, Montana and Nebraska Employees Only

In cases where this policy conflicts with California, Colorado, Montana and Nebraska law, the applicable state law will prevail. For such employees, any unused vacation days not taken by January 31st of the following year may be carried over to the next calendar year. However, employees may only accrue vacation up to one and one-half (1.5) of the total maximum number of vacation days for which they are eligible to accrue in that year. Once an employee accrues the maximum number of vacation days, the employee stops accruing until he or she takes vacation at which point accrual will continue subject to the annual accrual maximum and overall accrual cap.

For example: An employee who is eligible for 20 days of vacation per year can accrue vacation up to 30 days (including carryover days). If she did not take any days in the prior calendar year and does not take any vacation until the first week of August in the following calendar year, then her accruals would work as follows:

Month	# Days Used	Monthly Accrual Earned	# Days Available
January	-	1.667	21.5
February	-	1.667	23.0
March	-	1.667	25.0
April	-	1.667	26.5
May	-	1.667	28.0
June	-	1.667	30.0
July	-	-	30.0
August	(5)	1.667	26.5
September	-	1.667	28.0
October	-	1.667	30.0
November	(1)	1.0	30.0
December	(10)	1.667	21.5

Administration: Diageo reserves the right to interpret, amend or replace this policy at any time.