



Country(ies): <b>U.S.</b> <b>(OTHER THAN CALIFORNIA AND PUERTO RICO)</b>	Policy Title: <b>VACATION FOR NON- EXEMPT EMPLOYEES</b>	Effective Date: <b>01/01/2017</b>
Policy Number: <b>2091</b>		Revision Date: <b>01/01/2022</b>

## PURPOSE

The Company recognizes the importance of time away from their job responsibilities for rest and relaxation. The purpose of this Policy is to provide Covered Employees with paid time-off from work to allow for personal time away from normal work duties for rest, relaxation, and other employee needs or desires. It is not designed or intended to provide employees with additional compensation in lieu of time off from work.

## SCOPE AND ELIGIBILITY

This Policy (along with the Paid Sick Time Policy) replaces the existing vacation and paid time off policies for Covered Employees<sup>1</sup> as of the Effective Date. It provides information and guidance regarding the use of vacation for Covered Employees, and details how this Policy interacts with other Company policies. It does *not* apply to absences related to Special Leaves.

## POLICY

### 1. BENEFIT SCHEDULE

For purposes of this Policy, the following schedule determines a Covered Employee's vacation entitlement:

Full Years of Service	Hours of Paid Vacation
0-4	80 (10 Days)
5-14	120 (15 Days)
15-19	160 (20 Days)
20-29	200 (25 Days)
30+	240 (30 Days)

Vacation may be taken under this Policy in one (1) hour increments.

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<sup>1</sup> This Policy does not affect the rights that any Covered Employee may have to Grandfathered Vacation Benefits under prior Company vacation policies. In general, Grandfathered Vacation Benefits apply only to certain Covered Employees who were hired prior to January 1, 2001 and met certain eligibility requirements.

## 2. PLAN YEAR

The rules established in this Policy are generally applied on a calendar year basis.

## 3. EARN AS YOU GO METHOD

Covered Employees shall earn vacation on an “earn as you go” basis. Covered Employees will earn 1/12 of their Annual Vacation Benefit during each month of employment. For purposes of this determination, a Covered Employee who works a single day in a calendar month will be treated as having been employed by the Company for that entire month.

**Example:** Assume an employee is hired on January 1, 2017. Under the Vacation Benefit Schedule, that employee is eligible for 80 hours (two weeks) of paid vacation for 2017. For the calendar year 2017, such employee would earn 6.67 hours of vacation for each month worked, determined as follows:

$$1/12 \times 80 \text{ hours} = 6.67 \text{ hours per month}$$

The employee would be eligible to earn the full 80 hours of vacation over the course of the 2017 calendar year, determined as follows:

$$6.67 \text{ hours per month} \times 12 \text{ (number of months that the employee can work in 2017)} = 80 \text{ hours of vacation entitlement}$$

## 4. NEW HIRES

Covered Employees hired during any calendar year (“New Hires”) shall earn vacation beginning with their month of hire.

**Example:** Assume an employee is hired on July 18, 2017. Under the Vacation Benefit Schedule, an employee with less than five full years of service is eligible for 80 hours (two weeks) of paid vacation. For the year 2017, such employee would earn 6.67 hours of vacation for each month worked, determined as follows:

$$1/12 \times 80 \text{ hours} = 6.67 \text{ hours per month}$$

The employee would be eligible to earn 40 hours (1 week) of vacation for the 2017 calendar year, determined as follows:

$$6.67 \text{ hours per month} \times 6 \text{ (number of months, including partial months, that the employee can work in 2017)} = 40 \text{ hours}$$

New Hires may not actually use any vacation time until they have worked for the Company for at least 90 days.

## 5. PART-TIME AND ALTERNATE SCHEDULE EMPLOYEES

An employee's Annual Vacation Benefit is generally based on a regular 40-hour workweek. Employees who are regularly scheduled to work less than 20 hours per week are not Covered Employees and are therefore ineligible to earn vacation benefits under this Policy. Part-Time Employees and Alternate Schedule Employees will earn a pro-rated Annual Vacation Benefit. The formula for determining the amount of such prorated Annual Vacation Benefit is as follows:

- (A) Hours regularly scheduled to work per week (not to exceed 40)  $\div$  40
- (B) Multiply percentage from (A) by (hours from Vacation Benefit Schedule<sup>2</sup>  $\div$  12)
- (C) Multiply the result from (B) by months to be worked in the calendar year

**Example 1:** Assume John is hired on July 18, 2017. John is a Part-Time Employee regularly scheduled to work 20 hours per week. Newly hired full-time employees are eligible to earn 80 hours (2 weeks) of vacation per calendar year under the Vacation Benefit Schedule. For the 2017 calendar year, John would be eligible to earn 20 hours of vacation determined as follows:

- (A) 20 (scheduled hours)  $\div$  40 = .50
- (B) .50 x (80 (full time vacation hours)  $\div$  12) = 3.33 hours per month
- (C) 3.33 hours x 6 months worked = 20 hours of vacation entitlement

**Example 2:** Assume Mary is hired on July 18, 2017. Mary is an Alternate Schedule Employee regularly scheduled to work 36 hours per week (3 12-hour days). Newly hired full-time employees are eligible to earn 80 hours (2 weeks) of vacation per calendar year under the Vacation Benefit Schedule. For the 2017 calendar year, Mary would be eligible to earn 36 hours of vacation determined as follows:

- (A) 36 (scheduled hours)  $\div$  40 = .90
- (B) .90 x (80 (full time vacation hours)  $\div$  12) = 6.0 hours per month
- (C) 6.0 hours x 6 months worked = 36 hours of vacation entitlement

## 6. ABILITY TO USE CURRENT YEAR'S VACATION

Although vacation is actually accrued on an "earn as you go" basis, Covered Employees may nevertheless use their current year vacation entitlement at any time during the year (i.e., before it is actually earned); provided, however, that New Hires may not take any of their vacation time until they have been employed by the Company for at least 90 days. See, however, Section 10 below for employees who separate from service after having taken more vacation than they had earned through their termination date.

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<sup>2</sup> Expressed in hours as if the employee worked a full-time schedule.

## **7. VACATION SCHEDULING**

Covered Employees must notify their direct supervisors in advance of taking vacation under this Policy so that supervisors may plan for the business needs of the Company and its customers. Management shall schedule vacation time, at its discretion, based on workload requirements, the desires of individual employees, and in a manner consistent with the Company's expectation that employees use all of their earned vacation by the end of the calendar year in which it is earned.

## **8. CARRYOVER RULES**

### **8.1 Use It Or Lose It**

Generally, all vacation time earned during the calendar year must be used during the same calendar year, except as prohibited by Law. Subject to the exceptions noted below or as limited by Law, any vacation time earned during the calendar year that is not used by the end of such calendar year shall expire ("use it or lose it rule"). Covered Employees shall not receive pay in lieu of time off for any unused vacation time. For jurisdictions where the Company may not impose the use it or lose it rule by Law, the provisions of Exhibit A shall apply.

### **8.2 New Hires**

New Hires generally may not take any of their vacation time until they have been employed by the Company for at least 90 days. Accordingly, notwithstanding the "use it or lose it rule," New Hires whose Entry Date is on or after September 1 of a given year may carry over their accrued but unused vacation for the calendar year that contains their Entry Date to the next calendar year. Any accrued vacation carried over pursuant to this exception must be used by the March 31 of such next calendar year or it will be forfeited, except as prohibited by Law. New Hires shall not receive pay in lieu of time off for any unused vacation time.

### **8.3 Supervisor Approved Exceptions**

Notwithstanding anything contained herein to the contrary, if a Covered Employee (i) has already scheduled a vacation with a supervisor's approval, (ii) is required by the Company to change those vacation plans because of pressing business needs, and (iii) would, because of such pressing business needs, be unable to use the previously scheduled vacation time prior to the end of the year, a *brief* extension of time to use such vacation may be granted with the written consent of the Covered Employee's supervisor and Human Resources representative.

If these carryover rules pose a hardship or the Covered Employee has special circumstances that make it difficult to comply with this Policy, such Covered Employee should contact Human Resources right away to discuss how to resolve that personal situation.

## **9. PAY COMPONENT**

The wage rate at which vacation benefits are paid is determined based on a Covered Employee's base pay or salary (calculated with reference to a 40-hour workweek), plus shift differential (if applicable), in effect at the time vacation is taken or at termination of employment, whichever is applicable. A Covered Employee's paid time-off for vacation under this Policy shall not count as time worked for

purposes of the calculation of overtime; nor will such paid time apply to the calculation of any seventh consecutive day premium pay.

## **10. PAYMENT UPON SEPARATION FROM SERVICE**

A Covered Employee who separates from the Company, whether as the result of an involuntary termination, resignation, disability termination, death or retirement, will continue to earn vacation through his or her last day of active employment (subject to the provisions of this Policy relating to the limit on vacation earned during paid leaves of absence). Such Covered Employee (or his or her estate) will be paid for all earned, unused vacation and no such vacation shall be treated as vacation subject to the Carryover Rules set forth above. Current year earned, unused vacation, as well as any unused vacation appropriately carried over from a previous year, shall be paid in a lump sum in accordance with the Company's regular payroll practices, or otherwise as may be required by Law. Any current year vacation taken in excess of the amount that had been earned may be deducted from an employee's final paycheck to the extent permissible by Law, or otherwise treated as a debt owing from the employee to the Company.

A Covered Employee who is about to retire may elect to take all, or a portion, of his or her current year earned, unused vacation and prior year vacation carryover, if any, as paid time off prior to the commencement of his or her retirement, rather than have such amounts paid in a lump sum upon retirement commencement. A retiring Covered Employee who makes such an election will be considered to be "at work" during the period of time vacation is paid periodically, for purposes of determining current year earned vacation. Any earned, unused vacation that remains at the time of retirement commencement will be paid in a lump sum as required by Law.

## **11. TRANSFER RULES**

Covered Employees who are transferred from one Company location to another shall be entitled to have their earned, unused current year's vacation transferred with them.

## **12. SPECIAL SERVICE RULES**

### **12.1 Service Thresholds**

If a Covered Employee would be entitled to a greater vacation entitlement by virtue of reaching a service threshold during a plan year, such Covered Employee shall be treated as having achieved such service threshold as of the first day of such plan year.

**Example:** Assume an employee reaches his fifteenth-year anniversary on October 1, 2017. For the purpose of calculating that employee's vacation entitlement for the 2017 calendar year, the employee would be treated as having fifteen years of service on January 1, 2017. Accordingly, the employee would be entitled to earn vacation at the 160-hour rate (4 weeks) for the 2017 calendar year, even if the employee separates from service prior to October 1, 2017.

## **12.2 Vacation During Paid Leaves of Absence**

Covered Employees will continue to earn vacation for up to 26 weeks of a paid leave of absence (including paid disability and workers' compensation). No vacation will be earned for paid leaves of absence in excess of 26 weeks (regardless of the nature of the leave). For Covered Employees who are on a paid leave of absence, service anniversaries will not be recognized until the Covered Employee returns to work unless they have already been recognized in accordance with the previous paragraph. For paid leaves that extend from one calendar year into another, Covered Employees shall receive a lump sum payment of their earned, unused vacation from the previous calendar year (i.e., such unused vacation may not be carried over to the next calendar year).

## **12.3 Unpaid Leaves of Absence**

With the exception of leaves granted under the Family and Medical Leave Act ("FMLA") or state family leave laws, no vacation will be earned during an unpaid leave of absence except to the extent otherwise required by Law. If a Covered Employee is on an unpaid leave at the end of the year, any unused vacation shall expire, except to the extent otherwise required by Law. Covered Employees will continue to earn vacation during unpaid leaves granted under FMLA or state family leave laws, subject to a total maximum leave of 12 weeks.

## **12.4 Service Upon Rehire**

Rehired employees will have their prior service reinstated in accordance with the Company's service crediting policy. The amount of such rehired employee's Annual Vacation Benefit available for the year of rehire will be determined based on the employee's adjusted service date and will be prorated based on the period of time from the date of rehire to December 31 of such year.

## **13. EFFECT ON LEAVES OF ABSENCE**

This Policy does not supersede leave taken as a Special Leave. The Company permits and expects qualifying Covered Employees to take Special Leaves when and if appropriate. If a Covered Employee qualifies for and is granted a Special Leave that would otherwise be unpaid, the Covered Employee may use vacation under this Policy for such leave.

## **14. SPECIAL GRANDFATHERING RULES**

Covered Employees who would be negatively impacted on the Effective Date by the implementation of the Policy will be entitled to rely on certain grandfathering rules to cushion the transition from their old vacation schedule to the Vacation Benefit Schedule. Under these rules, whatever annual vacation allotment to which a Covered Employee was entitled under his or her prior vacation schedule (determined by freezing service as of December 31, 2016) shall be treated as the Covered Employee's entitlement under this Policy until the Vacation Benefit Schedule becomes as or more favorable to the Covered Employee.

**Example:** Assume John was hired in June 2013, so he has 3.5 years of service on December 31, 2016. On December 31, 2016, John was entitled to 88 hours of vacation (11 days), based on the following existing prior vacation schedule:

Full Years of Service	Hours of Paid Vacation
• 0-2	80 (10 Days)
• 3	88 (11 Days)
• 4	96 (12 Days)
• 5-6	104 (13 Days)
• 7-8	120 (15 Days)
• 9-11	128 (16 Days)

Under the Vacation Benefit Schedule in this Policy, John would only be entitled to 80 hours of vacation (10 days) until he attained 5 years of service in 2018, at which point he would be entitled to 120 hours (15 days).

Under the grandfathering rule of this Policy, John would be eligible for 88 hours of vacation (11 days) in 2017 and 120 hours (15 days) in 2018. The 2017 entitlement is determined by comparing the entitlement as of December 31, 2016 (88 hours) to the entitlement under the Vacation Benefit Schedule in this Policy (80 hours). Similarly, the 2018 entitlement is determined by comparing the entitlement as of December 31, 2016 (88 hours) to the entitlement under the Vacation Benefit Schedule in this Policy (120 hours).

## DEFINITIONS

*Alternate Schedule Employee.* For purposes of this Policy, Alternate Schedule Employee means a Covered Employee who is regularly scheduled to work (i) more than thirty-two (32) hours per week (but less than forty (40) hours per week), *and* (ii) less than five (5) days per week (e.g., an employee who is regularly scheduled to work three twelve (12) hour days per week).

*Annual Vacation Benefit.* For purposes of this Policy, Annual Vacation Benefit means a Covered Employee's annual vacation entitlement as determined from the Vacation Benefit Schedule.

*Covered Employee.* For purposes of this Policy, Covered Employee generally means any Non-Exempt Employee of Honeywell who works in the United States (other than employees working at sites in California and Puerto Rico). However, Covered Employee does not include:

- Non-Exempt Employees covered by a collective bargaining agreement, except to the extent such collective bargaining agreement specifically adopts the provisions of this Policy;
- Non-Exempt Employees who would otherwise be covered by this Policy but who the Company has determined should remain covered by another Company vacation policy for some period of time; provided, however, such exclusion shall only apply until the Company terminates such other policy and transitions such Non-Exempt Employees to this Policy;
- Employees employed directly by Honeywell Federal Manufacturing & Technologies, LLC, National Technology and Engineering Solutions of Sandia, LLC., or any similar Honeywell affiliate with whom the U.S. Government has contracted to manage and operate a Federal government operation, except to the extent such affiliate expressly adopts this Policy;

- Individuals classified by the Company as co-op, intern, temporary, contract, contingent or leased workers;
- Individuals classified by the Company as consultants or independent contractors;
- Non-Exempt Employees who normally work less than 20 hours a week for the Company;
- Individuals who are not on the Company's payroll or who are not classified by the Company as common law employees, even if a court or a federal, state or local administrative authority later rules that the individuals should be considered employees for any purpose; and
- Non-Exempt Employees whose employment is brief or non-recurrent and that cannot reasonably be expected to continue indefinitely or for a significant period.

*Entry Date.* For purposes of this Policy, Entry Date means the date the Covered Employee becomes covered under this Policy.

*Effective Date.* For purposes of this Policy, Effective Date means January 1, 2017.

*Honeywell or Company.* For purposes of this Policy, Honeywell or Company shall mean Honeywell International Inc., its subsidiaries and affiliates, and their respective predecessors and successors.

*Law.* For purposes of this Policy, Law means all applicable federal, state and local laws and regulations.

*Non-Exempt Employee.* For purposes of this Policy, Non-Exempt Employee means any employee of Honeywell who is designated by the Company as being eligible for overtime compensation under applicable Law.

*Part-Time Employee.* For purposes of this Policy, Part-Time Employee means a Covered Employee who are regularly scheduled to work at least 20 hours per week (but less than forty (40) hours per week) and who is not an Alternate Schedule Employee.

*Special Leaves.* For purposes of this Policy, Special Leaves are leaves of absence taken, whether paid or unpaid, pursuant to one of the Company's other leave policies for serious illnesses, disabilities, military leave, jury duty leave, personal leave, family and medical leave and other leaves of absence, some of which are mandated by Law.

*Vacation Benefit Schedule.* For purposes of this Policy, the Vacation Benefit Schedule is the schedule set forth in subsection 1 of the POLICY section of this Policy.

## **RESPONSIBILITY FOR THE POLICY**

This Policy is administered by Honeywell Human Resources, in consultation with the Honeywell Law Department.

## **RELATED POLICIES, INFORMATION AND RESOURCES**

None



## **REPORTING CONCERNS AND SEEKING GUIDANCE**

Additional guidance can be sought by contacting a Human Resources representative.

## **REVISION HISTORY**

This Policy was originally effective January 1, 2001. It was amended and restated effective January 1, 2003; December 1, 2004; March 1, 2009; and January 1, 2017.

## **MANAGEMENT'S RIGHTS**

The Company, in its sole discretion, reserves the exclusive right to interpret, administer and apply this Policy, to make any exceptions to it, and to change this Policy at any time and for any reason.

*This Policy is not intended to create contractual obligations. Employment with the Company in the U.S. (other than Puerto Rico) is at will, which means that either the Company or the employee may terminate the employment relationship at any time and for any reason, without notice. The Company reserves the right to modify, amend, or terminate this Policy at any time. This Policy supersedes any prior policies of Honeywell, whether written or oral, on the topics covered in this Policy (except as otherwise noted herein).*

*This Policy is the property of Honeywell International Inc. and is published on the Company's intranet. It is the reader's responsibility to review the intranet publication of this Policy to ensure the most current version is being referenced before taking action based on this printed copy, which may be outdated.*

## EXHIBIT A

### PROVISIONS RELATED TO JURISDICTIONS NOT SUBJECT TO USE IT OR LOSE IT RULE

#### EARN AS YOU GO METHOD--SPECIAL RULES

A Covered Employee who reaches the Earnings Cap no longer accrues vacation benefits until his or her Earned Vacation falls below such Earnings Cap.

**Example:** Assume a Covered Employee is entitled to an Annual Vacation Benefit of 2 weeks. Assume further that the Covered Employee has only used 1 week of vacation during the past two years. In such case, the Covered Employee's Earned Vacation equals 3 weeks. This amount is 150% of the Covered Employee's Annual Vacation Benefit. Therefore, the Covered Employee will not earn any additional vacation time until he/she reduces the Earned Vacation to an amount less than 3 weeks (i.e., the Covered Employee's Earnings Cap).

#### CARRYOVER RULES--SPECIAL RULES

In the event that a Covered Employee is unable to take all of his or her earned vacation during the applicable calendar year, any such unused vacation may be carried over subject to the Earnings Cap. A Covered Employee who reaches the Earnings Cap no longer earns vacation benefits until his or her Earned Vacation falls below such Earnings Cap.

A Covered Employee who separates from the Company, whether as the result of an involuntary termination, resignation, disability termination, death or retirement, will continue to earn vacation through his or her last day of active employment (subject to the Earnings Cap and provisions of this Policy relating to the limit on vacation earned during paid leaves of absence). Such Covered Employee (or his or her estate) will be paid for all earned, unused vacation. Current year earned, unused vacation, as well as any unused vacation appropriately carried over from a previous year, shall be paid in a lump sum in accordance with the Company's regular payroll practices, or otherwise as may be required by Law.

#### DEFINITIONS--SPECIAL RULES

*Earned Vacation.* For purposes of this Policy, Earned Vacation means a Covered Employee's total earned but unused vacation benefit.

*Earnings Cap.* For purposes of this Policy, Earnings Cap means the maximum amount of vacation benefit that can be earned by a Covered Employee. Under this Policy, no Covered Employee may accrue additional vacation benefits if such Covered Employee's Earned Vacation is equal to 150% of the Covered Employee's Annual Vacation Benefit.