

**SALARIED VACATION POLICY  
(United States)**

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Original Issue Date: <b>January 1, 2010</b>	Rev. Date: Nov. 15, 2019 Rev. Letter: D

**KEY TERMS**

- Vacation Period – the calendar year of January 1 to December 31.
- Vacation Day – One working day, i.e., eight hours
- Vacation Pay – Vacation pay is at an employee’s regular rate of pay without any premiums (e.g., overtime)
- Employee – Regular full-time Salaried Employees.

**VACATION BENEFIT FOR 1<sup>st</sup> YEAR OF HIRE**

A newly hired employee will be eligible to receive a prorated portion of a full year’s vacation time based upon his/her month of hire. On date of hire, the employee is granted vacation on the following schedule:

Month Hired	Days Granted following Date of Hire
January	10
February	10
March	9
April	8
May	7
June	6
July	5
August	4
September	3
October	2
November	1
December	0

**VACATION BENEFIT FOR FOLLOWING YEARS**

On January 1 of each year, employees are granted vacation according to the following schedule:

Years of Completed Service During the Calendar Year	Total Vacation Days per year
1 year thru 4 years	10
5 years thru 9 years	15
10 years thru 24 years	20
25 years or more	25

On January 1 of the calendar year that the employee celebrates his/her 5<sup>th</sup>, 10<sup>th</sup>, 25<sup>th</sup> service anniversary, he/she will be eligible for additional vacation days. For example, an employee hired on May 1, 2017, would be eligible for 10 days of vacation on January 1, 2018; 15 days on January 1, 2022; 20 days on January 1, 2027; and 25 days on January 1, 2042.

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### VACATION GUIDELINES

- Vacation time is granted before it is earned. Vacation time is earned according to the chart below for each month the employee works.
- All vacation time must be utilized during the calendar year that it is granted. Unused vacation time may not be carried over into the next calendar year and there is no pay-in-lieu of unused vacation time.
- All vacations should be scheduled and approved in accordance with department work schedules.
- BorgWarner will attempt to grant all employees vacation at the time they desire to take it. However, the Company reserves the right to decline the employee's request based on business needs, unless otherwise required by applicable law.
- If there is a general plant shutdown, such as the week of July 4th, employees may be required to take their vacation at that time.
- Employees with a break in service (left the company and then rehired) would be credited for prior service if the length of service worked before leaving the company is greater than the length of absence from the company.
- Vacation hours will be counted as hours worked when computing overtime pay, for those salaried employees that are eligible for overtime pay.
- Unused time granted under this policy does not carry over from one year to the following year.
- Approved leaves of absence up to three months are to be counted in length of service when determining earned vacation.

### EMPLOYEES WHO LEAVE THE COMPANY

Upon separation from BorgWarner, employees will be paid for unused, but earned vacation, according to the schedule below. Only completed months of service qualify in determining the number of continuous months of service.

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Complete Months Worked	Years of Continuous Service			
	0-4 years	5 – 9 years	10 – 24 years	25 years or more
1	1	1	2	2
2	2	3	3	4
3	3	4	5	6
4	3	5	7	8
5	4	6	8	10
6	5	8	10	13
7	6	9	12	15
8	7	10	13	17
9	8	11	15	19
10	8	13	17	21
11	9	14	18	23
12	10	15	20	25

In the case of retirement, defined as an employee who is at least age 55 and 10 years of service, or age 65, the employee will receive the full unused vacation allowance for that calendar year if their retirement occurs on or after March 31 of that year.

*This Policy meets the requirements under the Michigan Paid Medical Leave Act PA 369 of 2018. Where applicable, vacation will run concurrent with certain absences under the Company's Attendance Policy for salaried employees eligible for overtime. .*

**APPROVALS**

**Policy Committee**

**Corporate**

**REVISION HISTORY**

Rev.	Date	
A	Jan. 1, 2017	Increase vacation days available with 10 years of service.
B	Jan. 1, 2019	Change retirement definition from 60 & 15, add Michigan Paid Leave Act disclaimer
C	Mar. 29, 2019	Reference to Michigan Paid Sick Act
D	Nov. 15, 2019	Require retirement on or after March 31 to receive full unused vacation payout.

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