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**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

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# Vacation and sick time

## Purpose

The purpose of this vacation and sick time standard is to create a uniform vacation and sick time benefit and method of tracking vacation and sick time for all employees in the United States.

## Scope and Eligibility

This standard applies to regular, active, full-time and part-time Stryker employees working in the United States except for direct sales employees (as defined below) and employees at global grade 15 and above and supersedes all existing vacation policies for any divisions or locations.

## Key terms

**Direct sales employee** Employees will be considered “direct sales” employees for purposes of this policy if they have been classified as “direct sales” by their division and coded in Stryker’s HR System as HR Function = Sales direct (same designation as Sales 401(k)). The policy does not change who each division considers a “direct sales” employee.

**Employee** Stryker U.S. active full-time and part-time active employees to whom this standard applies; i.e., all U.S. employees except for direct sales employees and employees at global grade 15 and above.

**Vacation balance** The amount of vacation time that an employee has accrued and has available to them for use with his or her manager’s approval.

**Accrual cap** The maximum amount of vacation time an employee can have in his or her vacation balance at any one time. Further described and explained in paragraph 2.3.

**Anniversary date** The date on which an employee began his or her employment with Stryker in a prior year. If an employee terminated their employment with Stryker and was later rehired, they will be credited with service for purposes of vacation calculations based on their cumulative service. For example, an employee who worked for Stryker from January 1, 2012 through December 31, 2015 will have four years of service for purposes of determining the employee’s vacation upon rehire.

## Vacation Policy

### 1.0 Method of Tracking

**1.1 Accrual** All U.S. divisions track vacation accumulation and usage for all employees using an accrual method. Under an accrual method, all employees will accrue a set amount of vacation time as set forth in paragraph 2.4 below per pay period. No employee will receive a “grant” or “block” of vacation days after the effective date of this standard.

### 2.0 Vacation Accrual and Tracking

Corporate Human Resources **standard**

**Title: Vacation and sick time**

**Document number: CHR-CPL-004**

**Version: 2.0**

**Effective date: January 1, 2019**

**2.1** In all U.S. divisions, regular full-time active employees will accrue the following number of vacation days per year, based on their Stryker years of service:

Stryker years of service	0 - 4 years	5 - 9 years	10 - 14 years	15 - 19 years	20+ years
<b>New annual vacation accrual 1/1/18</b>	15 days	18 days	20 days	23 days	25 days

**2.2 Accrual per pay period** While the number of days accrued annually is expressed in paragraph 2.1, employees will accrue vacation days every pay period based on their annual accrual rate. The chart in paragraph 2.4 shows the per-pay period accrual for employees.

**2.2.1 Part-Time Employees** Part-time active employees will accrue vacation time on a pro-rated basis based upon that employee’s defined work schedule.

**2.2.1.1 Example** An employee that is .8 FTE will accrue 80% of the vacation accrued by a full-time employee in the same service tier. Accordingly, a .8 FTE with 6 years of service will receive 14.5 vacation days per year.

**2.3 Accrual cap** Employees may accrue up to 1.5 times their annual vacation benefit in their vacation balance at any one time. For example, an employee who accrues 15 days of vacation per year may have 22.5 days of vacation in his or her vacation balance. An employee who accrues 20 days of vacation per year may accrue 30 days of vacation in his or her **vacation** balance. Once an employee’s vacation balance reaches the accrual cap, **the employee will not accrue any more vacation days until the number of days in his or her vacation balance falls below the accrual cap.** Stryker will not issue any retroactive credit for unearned vacation time during the time when the maximum accrual has been reached.

**2.4 Vacation accrual during leave of absence** Employees will continue to accrue vacation while on leave of absence (LOA) up to a **six- month period. If the employee’s LOA continues beyond the six months the vacation accrual will stop until the employee has returned to work.**

**2.5 Explanatory chart** The per-pay-period accrual and accrual cap described in paragraphs 2.2 and 2.3 are shown in the following chart for all full-time active employees based upon service level:

**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

<b>Stryker years of service</b>	<b>0 - 4 years</b>	<b>5 - 9 years</b>	<b>10 - 14 years</b>	<b>15 - 19 years</b>	<b>20+ years</b>
Annual Accrual	15 days 120 hours	18 days 144 hours	20 days 160 hours	23 days 184 hours	25 days 200 hours
Weekly accrual	2.31 hours/ pay period	2.77 hours/ pay period	3.08 hours/ pay period	3.54 hours/ pay period	3.85 hours/ pay period
Semi-monthly accrual	5.0 hours/ pay period	6.0 hours/ pay period	6.67 hours/ pay period	7.67 hours/ pay period	8.34 hours/ pay period
Monthly accrual	10.0 hours/ pay period	12.0 hours/ pay period	13.34 hours/ pay period	15.33 hours/ pay period	16.68 hours/ pay period
Max Accrual	22.5 days 180 hours	27 days 216 hours	30 days 240 hours	34.5 days 276 hours	37.5 days 300 hours

**2.6 Employee vacation balances** Employees will not be required to use all of their vacation time in the year it is earned. Once accrued, vacation time is added to the employee's vacation balance. Once in the employee's vacation balance, accrued vacation time remains in the vacation balance from year to year until it is used, subject to the accrual cap discussed in paragraph 2.3.

**2.6.1 Vacation awards and vacation raffles** Employees who are awarded vacation time or receive vacation as the result of a raffle will be allowed to carry over time under the current accrual cap for this policy. Employees will not accrue any additional time when they are at 1.5 times their allotment for vacation time in addition to the awarded time or raffled time

## **2.7 Use of vacation**

**2.7.1 Manager approval required** Employees may use vacation time, subject to the approval of their manager, as they accrue that time. Employees may not take vacation days that have not been approved by their manager, **even if they have time available in their vacation balance.**

**2.7.2 Notice required** Employees are expected to submit vacation requests with at least a **48-hour notice**, and with more notice when more notice is possible. Managers may allow for exceptions to this 48-hour notice period for good cause shown by the employee. Vacation requests for non-exempt employees should be submitted via same division process – in time and attendance system or other method for manager approval. **All exempt employees must submit vacation requests through Stryker's HR system.**

**2.7.3 Vacation requests should be granted** The company encourages employees to use vacation time available to them, so managers should generally grant vacation requests when the employee has available vacation time and submits the request in accordance with paragraph 2.6.2 above.

**2.7.3.1** In appropriate circumstances, managers may deny a vacation request where business needs require it.

**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

- 2.7.3.2** If multiple employees request time off at the same time, the manager should approve the requests on a first-come, first-served basis.
- 2.7.3.3** Managers may, for business reasons, require that employees maintain and use a number of vacation days for holiday plant shutdowns and other similar reasons.
- 2.7.3.4** If an employee has scheduled vacation time previously that needs to be rescheduled, they will work with their manager to request the new dates of vacation time in Workday. To change vacation time that was already approved, the employee must give a two week notice for business planning purposes.

**2.7.4 No negative vacation balances** In general, employees may not carry a negative vacation balance. In other words, employees may not, unless otherwise stated in this standard, use vacation time before it is accrued and in their vacation balance.

- 2.7.4.1 New hires** Newly hired employees may, with manager approval, carry a negative balance in their vacation balance in the first six months of their employment. Once an employee reaches six months of employment, they must have accrued enough vacation time for their vacation balance to be zero or above.

**2.7.5 Use of vacation time** Employees may use vacation time in increments of one hour to align with Workday capabilities.

**2.8 Anniversary date calculation** For purposes of the vacation accrual rates set forth in paragraph 2.1, employees shall start accruing at the vacation rate for the next service tier on their Stryker anniversary date for the year immediately preceding the start of the next service tier.

- 2.8.1 Example** An employee will begin accruing 18 days of vacation annually (the amount of accrued days for an employee with 5-9 years of service) on their fourth anniversary with Stryker. That same employee will begin accruing 20 days of vacation annually (the amount of accrued days for an employee with 10-14 years of service) on their ninth anniversary with Stryker.

### 3.0 Vacation Sell Back and Payouts

**3.1 During employment** Current employees are permitted to “sell” five days out of their vacation balance to the company once per calendar year as long as they have at least ten vacation days in their vacation balance at the time the employee seeks to sell back the days.

- 3.1.1 Exclusions** No employee who does not accrue vacation is eligible to sell vacation days, including direct sales employees and employees at global grade 15 and above. In addition, even if they accrue vacation days, no employee whose income is 100% commission-based is eligible to sell vacation days back to the company.

**3.1.2 Calculation of sell back pay** Employees who sell back vacation will be paid for 40 hours at their regular salary rate in effect at the time they make the request to sell back vacation, minus elected and required deductions. This is calculated by taking the employee’s annual salary, dividing it by 2,080 and multiplying the resulting number by 40 to get the total payout. The payment is also considered supplemental income and taxed accordingly. Commissions shall not be considered or factored in to vacation sell-back amounts.

- 3.1.3 Process for vacation sell back** Current employees must complete the vacation cash out process in the Workday system to sell back five vacation days. Payment for the five sold vacation days will be made on a regular pay date as soon as is practicable after the request receives manager approval.

**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

- 3.1.4 No sell back after notice of resignation or termination** Employees who have submitted their notice to the company of impending resignation or who have been notified of their impending termination by the company are not eligible to sell back vacation days and will receive appropriate payout for accrued, unused vacation days upon termination as discussed in paragraph 3.2.
- 3.1.5 One sell back per year** Employees may only sell back vacation days once per calendar year, if they meet all other eligibility criteria outlined above.
- 3.1.6 Leave of absence** Employees on leave of absence can request and receive vacation payout during their leave of absence.
- 3.1.7 Requirement to sell back exactly five days** Employees who elect to sell back vacation must sell back exactly five days. Employees are not permitted to sell back less than five days or more than five days at one time.

**3.2 At termination** Upon termination, Stryker employees who are **eligible** to receive payout at termination will receive the payout as part of their final paycheck. If timing does not permit payout with the final paycheck, Stryker will make the payout with the next applicable payroll run.

**3.2.1** Employees will be eligible for a payout of his or her entire vacation balance at the time of termination. The amount of this payout will depend on the employee's regular rate of pay.

**3.3 No vacation usage during notice period** Employees are expected to work during the notice period prior to their termination date. A notice period is intended to help with the transition of the employee's job duties, so employees are expected to be at work. For example, if an employee gives two weeks' notice, he or she may not use vacation time during those two weeks. If an employee resigns and does not work during the notice period, Stryker may accept the employee's resignation with immediate effect, and the vacation payout will not proceed as it normally would under the policy.

## 4.0 Vacation Donation

**4.1 Purpose** Stryker recognizes that employees may experience family emergencies, illness or injury, personal crises or disasters resulting in the need for additional time off. To address this need, all eligible active employees may donate accrued, unused vacation time from their vacation balance to co-workers, subject to the requirements set forth below. **Note: Vacation donation is strictly voluntary, and no employee is ever required to donate vacation days.**

### 4.2 Eligibility

**4.2.1 To donate vacation days** Employees are eligible to donate vacation days if they meet **all** of the following eligibility criteria:

**4.2.1.1** They must be an employee eligible to accrue and accruing vacation time under this standard (i.e., employees at global grade 15 and above, and direct sales employees, may not donate vacation days)

**4.2.1.2** They have been employed by Stryker for a minimum of six months

**4.2.1.3** They have at least ten accrued, unused vacation days in their vacation balance at the time of donation

**4.2.1.4** They cannot be on an approved leave of absence at the time of donation

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**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

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- 4.2.2 To receive donated vacation days.** Employees are eligible to **receive** donated vacation days if:
- 4.2.2.1** they experience a qualifying event, subject to the exclusions set forth in paragraph 4.3. A qualifying event is any of the following:
    - 4.2.2.1.1 Health related emergency** The employee, parent, spouse, domestic partner or child has experienced a critical or catastrophic illness or injury resulting in a substantial loss of income due to the exhaustion of available paid leave. For purposes of this standard, a “critical or catastrophic illness or injury” is an illness or injury that poses a significant threat to the life of the person ill or injured, results in a continuous incapacity of at least one week, or requires inpatient hospital or hospice care.
    - 4.2.2.1.2 Death of immediate family** The employee’s spouse, domestic partner, parent or child dies
    - 4.2.2.1.3 Other serious crisis** The employee has suffered a serious crisis not included in paragraphs 4.2.2.1.1 or 4.2.2.1.2 above that results in an inability to come to work for five consecutive business days or more. This can include a natural disaster impacting the employee’s primary residence such as a fire, flood, hurricane, tornado, or earthquake or an employee or spouse, parent or child being the victim of a serious violent crime.
  - 4.2.2.2** They have used **all** but 10 hours of vacation time paid leave of absence time which may be available to them in their specific circumstances, such as bereavement leave and disability leave where the employee is being paid by short-term disability, long-term disability, workers’ compensation or any state-law mandated paid disability program, such as California Paid Family Leave.

### **4.3 Exclusions**

- 4.3.1 Excluded events** Employees may **not** receive donated vacation days for:
- 4.3.1.1** A normal pregnancy or a common and temporary illness
  - 4.3.1.2** A non-critical or catastrophic injury
  - 4.3.1.3** Child bonding
  - 4.3.1.4** An illness or injury for which the employee is receiving income from short-term disability, long-term disability, workers’ compensation, or any state-law mandated paid disability program, such as, California Paid Family Leave.
- 4.3.2 Other exclusions/restrictions**

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**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

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- 4.3.2.1** No employee may donate vacation days to their manager, their second-level manager, their HR business partner, or anyone else who is involved in determining the employee's performance rating, compensation, or job duties.
- 4.3.2.2** In addition, a manager, second-level manager, or HR business partner may **not** request vacation day donation from any employee who is prohibited by paragraph 4.3.2.1 from donating to them. Managers, second-level managers, and HR business partners who request vacation donations from employees prohibited by paragraph 4.3.2.1 from donating to them will be subject to discipline up to and including termination of employment.
- 4.3.2.3** Managers, second-level managers, or HR business partners may **not** ask any employee who is prohibited by paragraph 4.3.2.1 from donating to them to donate to **any** employee, even if the donation is not for that manager, second-level manager or HR business partner. In other words, a manager may not ask members of his or her team to donate vacation to another member of the team or to any other employee. Managers, second-level managers, and HR business partners who do so will be subject to discipline up to and including termination of employment.
- 4.3.2.4** Employees may receive a maximum of 30 donated vacation days in any one calendar year

#### 4.4 Process

- 4.4.1 Direct donation** Eligible employees wishing to donate vacation days may open a case with HR Operations through the myHR Portal to request that days be deducted from their vacation balance and given to the target employee.
  - 4.4.1.1** The Time and Absence Team, prior to facilitating the donation, will ensure that proper eligibility criteria is met; i.e., whether the donor is eligible to donate and whether the recipient is eligible to receive.
  - 4.4.1.2** Wherever possible, if multiple employees intend to donate vacation days to a specific individual, they should combine the requests and make a single request.

#### 4.5 Miscellaneous

- 4.5.1 Non-retaliation** No employee shall ever be required to donate vacation days or pressured to do so. No employee may be retaliated against in any way, including with regard to any employment-related decision, for refusing to donate vacation days under this standard even if they are directly asked. Managers or employees who engage in retaliatory behavior against employees who do not donate vacation time may be subject to discipline up to and including termination of employment.
- 4.5.2 Confidentiality** No employee is permitted to disclose the existence of another employee's qualifying event without the express permission of that employee. In general, for the maintenance of confidentiality, employees who have a qualifying event and are in need of donated vacation time should make that request directly. In accordance with paragraph 4.3.2.3, managers, second-level managers, and HR business partners may **not** disclose a qualifying event for the purpose of requesting that employees on their team, in their direct

**Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

line of reporting, or over whose performance evaluations and compensation they have influence donate vacation days.

- 4.5.3 4-Hour increments** Employees may donate vacation time in a four-hour increment. The minimum donation is four hours.
- 4.5.4 Use of donated vacation days** Employees who receive donated vacation days must use the donated days within three months of donation.
- 4.5.5 Effect of accrual cap** Employees who receive vacation donations that put them above the vacation accrual cap will **not** accrue further vacation until they use enough vacation days to fall below the accrual cap.
- 4.5.6 Application of vacation donation and sell back** Employees who receive donated vacation days may not sell back any vacation in accordance with paragraph 3.0 for the remainder of the calendar year in which they have received vacation donations.

## Sick Time Policy

The sick time policy applies only to non-exempt employees in the United States and exempt employees in the State of California.

### 5.0 Method of Tracking

- 5.1 Grant** All non-exempt employees in U.S. divisions will receive a grant of eight paid sick days, or sixty-four paid sick hours, every January 1 which they may use throughout the calendar year.
- 5.2** Sick leave can be used for an employee's own illness or appointments, children's illness or their medical appointments. If an employee misses four consecutive days; you are required to notify myHR Leaves team, as you may be eligible for Family and Medical Leave Act (FMLA).

### 6.0 Sick Time Tracking and Use

- 6.1 Coordination with U.S. handbook** When using sick time, employees must follow all policies and provisions related to sick time usage set forth in the U.S. Handbook.
- 6.2 Use of sick time** Employees must request sick time by informing their manager in writing, including e-mail, of their need for sick time. Employees must inform their manager of their need for sick time at least **30 minutes before the start of their shift**, where that amount of notice is both possible and practical. If the employee, due to an emergency, is not able to give 30 minutes of notice, they must provide notice as soon as is both possible and practical.
- 6.3 One-hour increments** Employees may use sick time in increments of one hour.
- 6.4 Part-time employees** Part-time employees will be granted sick time on a pro-rated basis based upon that employee's defined work schedule.
- 6.5 Prorated grant for newly hired employees** Newly-hired non-exempt employees will be granted a prorated number of sick days based upon their month of hire:



Corporate Human Resources **standard****Title: Vacation and sick time****Document number: CHR-CPL-004****Version: 2.0****Effective date: January 1, 2019**

Month of Hire	Sick Day Grant
January	8
February	8
March	8
April	6
May	6
June	6
July	4
August	4
September	4
October	2
November	2
December	2

**6.6 Payout**

- 6.6.1 At termination** No employee will be paid out unused sick time at the time of their termination from the company.
- 6.6.2 At year end** Active, non-exempt employees as of December 31 will be paid out for any unused sick time in a regularly-scheduled paycheck by the end of January of the following calendar year.

**7.0 Exceptions**

- 7.1 Exceptions should be rare** It being the purpose of this standard to create a uniform vacation and sick time benefit for all employees, exceptions to this standard should be very rare.
- 7.2 Recruiters should not use vacation for candidate negotiation** Vacation accruals should not be considered a negotiating or bargaining tool with regard to applicants and candidates for roles.
- 7.3 Exceptions process** No exceptions to this policy shall be granted without the approval of the Vice President of Workplace Practices or his/her applicable designee(s).

**Document Change History**

Version No.	Revision Level	Reason and Description of Revision	Issue Date	Effective Date
1.0	Initial release of policy	Not applicable	November 9, 2017	January 1, 2018
2.0	Addition of paragraph 3.0	Adding vacation sell-back procedure and donations	January 1, 2019	January 1, 2019