# **Absence Management Policies**

# **Vacation/DTO Summary**

AeroVironment (AV) encourages employees to take time off work to recharge and maintain a healthy work-life balance. AV provides eligible employees with paid vacation time or paid discretionary time off (DTO) based on their hire date, length of service, exemption status, and full-time or part-time work schedule.

# **Vacation Policy**

**Vacation Accrual for Eligible Full-Time Employees**

Effective January 1, 2025, vacation will be accrued on a biweekly basis, determined by the length of service, up to the maximum accrual limits outlined below.

| **Length of service** | **biweekly accrual** | **maximum accrual** |
| --- | --- | --- |
| 1st day of employment to the day before 3rd anniversary | 3.08 hours | 160 hours |
| 3rd anniversary to the day before 10th anniversary | 4.62 hours | 240 hours |
| 10th anniversary and continuing | 6.15 hours | 320 hours |

**Vacation Accrual for Eligible Part-Time Employees**

Effective January 1, 2025, vacation will be accrued on a biweekly basis, determined by the length of service, up to the maximum accrual limits outlined below.

Part-time and intern employees working less than 20 hours per week or not working on a regularly scheduled basis are not eligible for vacation pay.

| **Length of service** | **biweekly accrual** | **maximum accrual** |
| --- | --- | --- |
| 1st day of employment to the day before 3rd anniversary | 1.92 hours | 160 hours |
| 3rd anniversary to the day before 10th anniversary | 2.88 hours | 240 hours |
| 10th anniversary and continuing | 3.84 hours | 320 hours |

**Recording Paid Vacation Time**

All vacation time must be recorded in the Workday Absence Management Application. Full-time employees taking a full day off should log vacation hours equivalent to their scheduled work hours for that day (e.g., 8 or 9 hours). Part-time employees and those taking a partial day off should record the exact number of hours necessary to complete their scheduled workday. Vacation balances are available on biweekly payslips and in the Workday Absence Management Application.

**Availability of Vacation Hours**

Accrued vacation hours become available after each biweekly payroll period. If an employee’s vacation balance reaches the maximum accrual hours, they will not accrue any additional vacation hours until they use some of their vacation, and their accrued and unused vacation balance falls below the maximum accrual limit.

**Vacation Accrual During Certain Absences**

Employees will not accrue vacation during personal, medical, military, or family Leaves of Absence, or any other period of inactive service, unless vacation accrual is otherwise required by applicable federal, state, or local law.

**Request to Take Paid Vacation Time**

Employees may request to take paid vacation time by providing oral or written notice and entering the requested time off in the Workday Absence Management Application. Vacations should be scheduled as far in advance as possible and must be approved by the employee’s supervisor. While every effort will be made to accommodate vacation requests, business necessities may prohibit approval of the requested time off. Employees must submit the total number of requested vacation days at the time of their initial absence request. Additional requests for the same period will not be accepted.   
\*Note: If the vacation request includes a working Friday, employees need to submit an additional time-off request for that day.

**Annual Carryover for Vacation**

Accrued and unused vacation time under this policy will carry over from one year to the next, up to the maximum accrual limit based on length of service and full-time or part-time schedule.

**Payment of Vacation Time Taken**

Employees will be paid for vacation time no later than the payday for the next regular payroll period after vacation time is taken.

Paid vacation time for non-exempt hourly employees will be paid in the same manner as the regular rate of pay for the workweek in which the employee uses paid vacation time.

Paid vacation time for exempt employees will be paid at the same rate the employee is paid for other forms of paid leave.

**Cashing Out Accrued Vacation Time**

Employees may cash out accrued and unused vacation hours instead of taking time off. A minimum of 40 hours of accrued and unused vacation time must be cashed out at a time. Requests to cash out vacation is submitted through the Workday Absence Management Application and approved by supervisor.

**Vacation on an AV Holiday**

If an employee has approved vacation on an AV-designated holiday, the employee will receive holiday hours, and their vacation balance will not be charged**.**

**Vacation upon Resignation**

Upon notification of resignation, all available vacation hours can no longer be used beyond the date the resignation is submitted. Employees will be paid for any accrued and unused vacation through their final day of employment at the employee's final rate of pay.

# **DTO Policy**

**Eligibility for DTO**

The Discretionary Time Off (DTO) policy is applicable to all full-time exempt salaried employees who do not qualify for paid vacation under the Vacation Policy. Full-time exempt employees who were grandfathered into the accrued vacation plan may choose to transition to the DTO policy upon depleting their accrued vacation time. Non-exempt hourly, full-time, part-time, and supplemental employees are not eligible for DTO unless their employment status changes to full-time exempt.

**Use of DTO**

DTO provides eligible employees with flexibility to take paid time off as needed for personal reasons that are not covered by other time off or leave policies (e.g., Jury Duty, Sick Time, Military Leave, etc.). DTO may not be used at any time while an employee is on a Leave of Absence or in conjunction with a Leave of Absence. Employees are responsible for balancing their personal time off with work performance expectations.

**Employment Status Changes**

Vacation accruals will be adjusted on the effective date of any employment status change (e.g., from full-time to part-time). Additionally, employees transitioning from non-exempt hourly to full-time exempt status will be enrolled in the DTO plan. Any accrued and unused vacation balance will be paid out at the rate associated with the employee’s final non-exempt hourly rate.

**Request to Take DTO**

Employees must request DTO from their supervisor in advance and prior to taking time off. All DTO requests must be submitted through the Workday Absence Management Application. DTO should be scheduled as far in advance as possible and must be approved by the employee’s supervisor. While every effort will be made to accommodate DTO requests, business necessities may prohibit approval of the requested time off.

DTO requests may be denied or postponed based on business needs, other requests for the same period, work performance, workload, or if the reason for the time off falls under a different policy. The maximum DTO that can be requested for a single period is 30 days. Employees must submit the total number of requested DTO at the time of their initial absence request. Additional requests for the same period will not be accepted.   
\*Note: If the DTO request includes a working Friday, employees need to submit an additional time-off request for that day.

Any abuse or violation of this policy may result in disciplinary action, up to and including termination.

**Recording DTO**

Employees must record their DTO through the Workday Absence Management Application. If an employee takes a full day off, they should enter DTO hours equivalent to the number of hours they are scheduled to work that day (e.g., 8 or 9 hours). Employees working a partial day should enter the number of hours needed to complete the scheduled workday. DTO must be used in increments of six (6) minutes up to a full workday. DTO is not accrued, and it will not be reflected on biweekly payroll stubs or the Workday Absence Management Application.

**DTO at Termination of Employment**

Upon submitting a resignation, DTO hours can no longer be used beyond the resignation submission date. Since DTO is not accrued, employees will only be paid for DTO that was approved prior to the termination of their employment.

**Administration of This Policy**

AV Payroll is responsible for the administration of AV’s Vacation and DTO Policy.

**No Retaliation or Discrimination**

AV prohibits any form of retaliation or discrimination against an employee for attempting to use or using paid vacation or DTO under this policy, and for any other reason prohibited by applicable law. Employees who believe they have been discriminated or retaliated against should report their concerns to their People and Culture Business Partner.

AeroVironment reserves the right to modify this policy at its discretion at any time without prior notice.

# **Sick Time Summary**

Effective January 1, 2025, AeroVironment (AV) provides all employees with 80 hours of paid sick time, available from their first day of employment and replenished annually on January 1. This paid sick time can be used for any covered sick time reasons.

# **Scope**

This policy applies to all regular AV employees and supplemental employees in the United States, including those on business travel outside the United States. This policy does not apply to temporary workers or contractors.

# **Sick Time Policy**

**Front-Loaded Sick Time**

Regular full-time, regular part-time, and supplemental employees will receive 80 hours of sick time on their first day of employment and annually on January 1, for use as paid time off for covered sick time reasons.

**Use of Sick Time**

An employee may use paid sick time for any reason allowed under state or local law, including:

* The employee's care, preventive care, diagnosis, or treatment;
* The care, preventive care, diagnosis, or treatment of the employee's family member, or the employee's designated person, as defined below;
* An employee who is a victim of domestic violence, sexual assault, or stalking to take time off to: (1) obtain or attempt to obtain any relief to help ensure the health, safety, or welfare of the employee or the employee's child, such as a temporary restraining order, restraining order, or other injunctive relief; (2) seek medical attention; (3) obtain services from a shelter, program, rape crisis center, or victim services organization or agency; (4) obtain psychological counseling or mental health services; or (5) participate in safety planning or take other actions to increase safety from future incidents; or
* Supplemental bereavement time (refer to [AV’s Bereavement Policy](https://avav.logicgate.com/records/TkXvS1vT)).

Sick time may not be used for vacation time off.

For purposes of this policy, "family member" means a child, spouse, registered domestic partner, parent, grandparent, grandchild, sibling, or designated person. A "designated person" means a person identified by the employee at the time the employee requests paid sick time. AV limits an employee to one designated person per 12-month period. A "child" includes a biological, adopted, foster child, stepchild, legal ward, or a child to whom the employee stands in place of a parent (in loco parentis). A "parent" includes a biological, adoptive, foster parent, stepparent, or legal guardian of an employee or the employee's spouse or registered domestic partner, or a person who stood in place of a parent (in loco parentis) when the employee was a minor.

**Request to Take Paid Sick Time**

Employees can request paid sick time by notifying their supervisor either orally or in writing. For foreseeable absences, such as scheduled medical appointments, employees should provide reasonable advance notice. For unforeseen absences, employees must inform their supervisor as soon as possible. Sick time must be used in increments of six (6) minutes for Exempt employees and increments of thirty-six (36) seconds for Non-Exempt employees up to an employee’s scheduled work hours for the day.

**Recording Paid Sick Time**

Full-time employees may request sick time up to 8 or 9 hours per workday, in accordance with their standard work schedule. Part-time employees may request sick time up to the number of hours they are scheduled to work.

**Payment of Sick Time Taken**

Employees will be paid for sick time no later than the payday for the next regular payroll period following the sick time taken.

When an employee has exhausted their paid sick time but needs time off for sick time purposes, their vacation time will be deducted accordingly. This is applicable only to employees on the accrued vacation plan.

**Annual Carryover**

Effective September 30, 2024, unused sick time will carry over from year to year, up to a maximum of 480 hours. Employees with a sick time balance of 480 hours or more as of January 1 each year, will not receive the additional 80 hours of sick time for the calendar year. Sick time accrued before the effective date of this policy, including any balance above 480 hours, will continue to be available for use. Once the balance falls below 480 hours, the accrual limit of 480 hours will apply.

**Sick Time at Employment Separation and on Rehire**

Unused sick time before the last day of employment is forfeited and is not paid out upon separation of employment. However, employees separating from employment who are rehired within one calendar year from the date of separation will have their previously unused sick time reinstated, up to a maximum of 480 hours. Rehired employees are eligible to receive 80 hours of sick time annually on January 1 for use as paid time off for covered sick time reasons.

**Administration of This Policy**

AV Payroll is responsible for the administration of AV’s Sick Time Policy.

**No Retaliation or Discrimination**

AV prohibits any form of retaliation or discrimination against an employee for attempting to use or using sick time under this policy, and for any other reason prohibited by applicable law. Employees who believe they have been discriminated or retaliated against should report their concerns to their People and Culture Business Partner.

AeroVironment reserves the right to modify this policy at its discretion at any time without prior notice.

# **Authority and Responsibility**

|  |  |
| --- | --- |
| Functional Owner: | People & Culture |
| Functional Participants: | All Departments |