

Owner: Manager, HR Operations Local Contact: HR Manager/Business Partner	VACATION POLICY - U.S.	Policy Center 
Approver: Senior Vice President, Human Resources, Communications & Public Affairs		Date Issued/Revised: 01/01/2018

If you have questions, please contact: [HR Connections](#) at 855-480-6634 or 918-977-7905.

Changes to this Policy are not automatically extended to employees covered by a collective bargaining agreement and are not intended to modify or change existing language or practices under a collective bargaining agreement.

I. Purpose

The purpose of this U.S. Vacation Policy (“Policy”) is to provide eligible employees time off with pay. Time off under this Policy may be taken for any reason, with supervisor approval.

II. Eligibility

This Policy is applicable to regular full-time, regular part-time and temporary employees on the U.S. payroll, excluding intermittent employees, and employees specifically covered under another Company-approved vacation policy or the terms of an applicable collective bargaining agreement. The terms set out in this Policy work in conjunction with, and do not replace, amend, or supplement any provisions stated in any collective bargaining agreement. Wherever employment terms in this policy differ from the terms expressed in the applicable collective bargaining agreement, represented employees should refer to the specific terms of the collective bargaining agreement, which will control.

III. Definitions

Annual Vacation Total: The maximum amount of vacation time which can be earned over the course of a calendar year.

Heritage Conoco employees with Grandfathered Vacation: Heritage Conoco employees who had more than 80 hours of banked vacation at the time of the merger in 2002.

Retirement-Eligible employee: An employee at least age 55 with a minimum of five (5) years of service on their employment end date.

Vacation Eligibility Date (VED): The date from which an employee’s recognized service for vacation and certain other policies is calculated.

IV. Earning Vacation

Full-Time Employees

Full-time employees who are employed with Phillips 66 as of January 1 will earn 10% of the Annual Vacation Total per month until the Annual Vacation Total is met. The earned vacation will be awarded on the last day of the month. The Annual Vacation Total will be based upon the employee's years of service (or VED, as applicable) in accordance with the following schedule:

SCHEDULE A		
Per Year		
Years of Service	Annual Vacation Total (Hours)	Annual Vacation Maximum (Hours)
1-4	80	160
5-9	120	200
10-19	160	240
20-29	200	280
30+	240	320

Full-time employees who commence employment with Phillips 66 after January 1 (including employees transferring from a different vacation policy or acquired as a result of corporate transactions) will begin earning an Annual Vacation Total on the first day of employment in the same manner as set forth above.

Employees who are designated as "temporary" and who are regularly scheduled to work 40 hours per week will begin earning vacation in the same manner as Full-Time employees as set forth above after completing at least one (1) year of continuous service. Temporary employees are required to take all earned vacation during the year in which it was earned, with the exception of California employees whose earned and unused vacation will be treated in accordance with the carryover provisions below.

Part-Time Employees

Part-time employees will earn vacation in the same manner as Full-Time employees as set forth above, except on a prorated basis according to the employee's regularly scheduled work hours.

Employees who are designated as "temporary" and who are regularly scheduled to work less than 40 hours per week will begin earning vacation in the same manner as Part-Time employees as set forth above after completing at least one (1) year of continuous service. Temporary employees are required to take all earned vacation during the year in which it was earned, with the exception of California employees whose earned and unused vacation will be treated in accordance with the carryover provisions below.

Special Work Schedules

Employees on special work schedules (e.g. 9/80, 7/7, 14/14, 12-hour shifts, etc.) will earn vacation in the same manner as Full-Time employees as set forth above, except on a basis according to the employee's special work schedule. Employees on a special work

schedule should refer to the specific work location rules, collective bargaining agreement, work location time administrator or work location HR Business Partner for additional information.

Change In Employment Status

Employees whose employment status is changed from intermittent to full-time or part-time status will begin accruing vacation in the same manner as full-time or part-time employees, respectively, as set forth above.

Employees whose employment status is changed from part-time to full-time will begin earning vacation in the same manner as Full-Time employees as set forth above.

Employees whose employment status is changed from full-time to part-time will continue to earn vacation in the same manner for the remainder of the calendar year. In the next calendar year following the change, employees will begin earning vacation in the same manner as Part-Time employees as set forth above.

State or Local Laws

To the extent the use of the VED does not satisfy the minimum requirements of state or local laws (including California), the situation will be reviewed for compliance with state or local law, including the California Healthy Workplaces, Healthy Families Act of 2014.

California employees who are rehired within one year of their termination and have unused vacation time for which they did not receive pay-in-lieu of vacation will have 24 hours or three days of vacation time immediately reinstated. California employees who are rehired within one year of their termination and received pay-in-lieu of vacation at termination will have 24 hours or three days of vacation time immediately available, with such time being made available from the immediately following year's vacation days if the employee is rehired in the year in which he terminated employment. If a California employee's vacation is reinstated in accordance with the first sentence of this paragraph and the employee has less than 24 hours or three days of vacation reinstated, the remainder of the hours will be made immediately available from the immediately following year's vacation days.

V. Vacation Administrative Guidelines

Employees may take their Annual Vacation Total at any time, including before it is earned, subject to the terms of this Policy, including the requirement for prior supervisor approval. Employees should request vacation from their supervisor as far in advance as possible. Supervisor approval will generally be granted when possible, taking business needs into consideration, including ensuring safe operations, workloads, relief necessities and the vacation requests of other employees in the work group. Priority for vacation dates is established by the supervisor of each work unit. Supervisors should consider the length of service of employees involved, individual responsibilities, continuity of work flow, relief labor required, and the preference of employees.

Employees are encouraged to take all their earned vacation each calendar year. Except for exempt employees, vacation should be taken in increments of at least four (4) hours,

unless full-time relief is necessary to cover the role. When full-time relief is necessary, vacation should be scheduled in calendar-week increments. Vacation for exempt employees must be taken in increments of at least four (4) hours.

Vacations should generally not be approved or allowed during a labor dispute at a facility regardless of bargaining unit status of an employee's job. If a period of scheduled, approved vacation is underway when a labor dispute begins, management at its sole discretion may approve its completion. Vacation cannot be taken even if previously scheduled and approved while an employee is on unpaid "Leave - Labor Dispute" due to a labor dispute.

No employee may take vacation unless prior supervisor approval has been obtained, with the exception of California employees under certain circumstances as set forth below. In addition, Employees who are ineligible for 100% of pay with respect to their Short-Term Disability benefits and are still unable to return to work are eligible to take vacation prior to or after exhausting their Short-Term Disability benefits of less than 100% of pay without prior management approval.

NOTE: In unforeseeable situations, California employees will not be required to obtain prior management approval and workload considerations will be disregarded when time off is requested. Additionally, California Employees will not be required to use vacation days in calendar- week increments; the minimum increment requirement will not exceed two hours.

VI. Carryover

With the exceptions of California employees and Heritage Conoco employees with Grandfathered Vacation, employees may carry over earned but unused vacation days to the subsequent calendar year, up to a maximum of 80 hours inclusive of any carryover from a previous year. The total of the employee's Annual Vacation Total and carryover cannot exceed the Annual Vacation Maximum in Schedule A for their years of service.

California employees may carry over all earned but unused vacation, but their Annual Vacation Total will be reduced such that the total of their Annual Vacation Total and carryover do not exceed the Annual Vacation Maximum in Schedule A for their years of service. Employees will earn vacation in the same manner as Full-Time employees as set forth above, except on a prorated basis (as applicable). Employees will not receive retroactive credit for any period of time in which they did not earn vacation because they had earned the maximum amount.

Heritage Conoco employees with Grandfathered Vacation may carryover their Grandfathered Vacation not subject to the Annual Vacation Maximum in Schedule A. Any earned but unused vacation remaining from their Annual Vacation Total may be carried over, but their Annual Vacation Total for the next calendar year will be reduced such that the total vacation earned plus any carryover does not exceed the Annual Vacation Total for their years of service. Heritage Conoco employees with Grandfathered Vacation will earn vacation in the same manner as Full-Time employees as set forth above, except on a basis according to the employee's work schedule (as applicable). Used vacation exceeding the Annual Vacation Total will reduce the amount of Grandfathered Vacation. Once an employee's Grandfathered Vacation is reduced it cannot be increased again until

such time that the employee's Grandfathered Vacation is reduced to less than 80 hours and the employee is transitioned to the carryover provision as set forth above.

VII. Termination of Employment

On termination of employment for any reason, excluding retirement as described below, employees will be paid for any carryover and earned vacation, less any amounts used, at the employee's current rate of pay, as well as any remaining Grandfathered Vacation (as applicable). To the extent an employee has borrowed vacation time by using leave before it has been earned, Phillips 66 will take steps as administratively practicable and legally authorized to recover such loans from the employee's last paycheck.

Retirement-Eligible employees who retire on or before December 31, 2018, will be paid for their Annual Vacation Total and carryover, less any amounts used, at the employee's current rate of pay, as well as any remaining Grandfathered Vacation (as applicable). A Retirement-Eligible employee may elect to use their Annual Vacation Total and carryover, less any amounts used, as well as any remaining Grandfathered Vacation, to extend their employment ("vacation out"); however, vacation cannot be used to extend employment into 2019.

Retirement-Eligible employees who retire effective January 1, 2018, will be paid their 2018 Annual Vacation Total and carryover at the employee's current rate of pay, as well as any Grandfathered Vacation (as applicable).

VIII. Effects of Leaves of Absence or Holiday on Vacation Policy

This policy addresses only absences for vacation leave. To the extent it may impact other policies or leaves, the following provisions will apply:

Military Leave: Employees on military leave are eligible to use earned vacation while on military leave, and will be paid without a deduction for their pay from the military. Vacation will be earned while employees are on these leaves. Military supplemental pay benefits will not be paid for any time the employee is paid for vacation.

Long-Term Disability: Employees must exhaust all earned and carryover vacation, as well as any Grandfathered Vacation (as applicable), prior to commencing Long-Term Disability leave or a leave under the Phillips 66 Disability Leave of Absence policy. Therefore, vacation will not be earned or paid while employees are on these leaves.

Family Medical Leave: Employees must exhaust all earned vacation prior to taking an unpaid Family Medical Leave. Vacation will be earned while employees are on these leaves. Thus, an employee will be paid for earned vacation leave while on a Family Medical Leave for which short term disability does not apply.

Other Leaves of Absence: Before going on an approved leave of absence, except for a leave described above, an employee must use all available vacation. Vacation will not be earned while employees are on these leaves. Employees will begin earning vacation in accordance with this policy upon their return from the leave.

Holiday: When a Company-designated holiday occurs while a nonexempt employee is on vacation, the employee will be paid holiday pay only and will not be charged for vacation

unless the employee would have been required to work, in which case the employee will be paid double time (holiday pay and vacation) based upon the straight-time rate of the employee's regular work classification for normally scheduled hours, exclusive of any shift differential. When a Company-designated holiday occurs while an exempt employee is on vacation, the employee will only be paid holiday and will not be charged for vacation.

IX. Additional Provisions:

With the exception of leave covered by the Death in the Family Leave of Absence, an employee must complete a scheduled vacation prior to qualifying for paid leave benefits which may apply due to events that occur during the vacation (such as an event qualifying for short term disability leave). However, if the event is sufficient to warrant hospitalization during the vacation, the employee may elect to cease the application of vacation leave starting the day they enter the hospital, and may subsequently reschedule the vacation.

X. Administration of This Policy

Human Resources is responsible for the administration of this Policy. If you have any questions regarding this policy or if you have questions that are not addressed in this policy, please contact HR Connections at 855-480-6634 or 918-977-7905.

The Company establishes plans, policies and programs appropriate to the business needs and requirements of its various operations and organizations. The plans, policies or programs shown here are provided as guidelines to employees. Company plans, policies and programs are continually under review, and are subject to revision at any time without notice, at the sole discretion of the Company subject to applicable law and/or the terms of any applicable collective bargaining agreement or contract. The plans, policies and programs may differ by location, business, or employee group. Accordingly, individual employees are advised to confirm whether the information accessed here applies to them. Employees may contact HR Connections at 855-480-6634 or 918-977-7905 or their local HR representative if they have any questions. Nothing contained on this site is intended to create, nor is it to be construed to constitute, a contract between Phillips 66 or its subsidiaries and any employee or employees of Phillips 66 or its subsidiaries. Absent a specific written contract to the contrary, employment with Phillips 66, its subsidiaries and affiliates may be terminated with or without cause at any time by the employee or the Company. Nothing contained in these plans, policies or programs shall create a required procedure, practice or policy that must or should be followed in the investigation, evaluation, or disposition of any personnel matter. The information provided is not intended to supersede applicable local, state or federal law or the terms or provisions of any current collective bargaining agreement. In the event of conflict, the law or collective bargaining agreement shall prevail.

The contents of this document are not intended to be the summary plan description ("SPD") for the benefit plans mentioned. The SPDs can be obtained at <http://hr.phillips66.com/> or by contacting HR Connections at 855-480-6634 or 918-977-7905.