



FAMILY AND MEDICAL LEAVE ACT (FMLA) POLICY

POLICY

The company recognizes that a leave of absence from active employment may be necessary for family or medical reasons. Leaves may be taken, therefore, for the following 5 reasons:

- A. Because of a serious health condition of the employee.
- B. For incapacity due to pregnancy, prenatal medical care or childbirth;
- C. To provide care during the first year following the birth of a child or the placement of an adopted or foster child;
- D. To provide care for a child, spouse, or parent (hereinafter collectively referred to as "family member") who has a serious health condition; or
- E. Any qualifying exigency arising out of the fact that the employee's spouse, son, daughter, or parent is a covered military member on "covered active duty" or care for a covered service member with a serious injury or illness

ELIGIBLE EMPLOYEES

To be eligible for family and medical leave, an employee must have been employed for at least 12 months in total over the preceding 7 years and have worked at least 1,250 hours during the 12-month period preceding the commencement of leave.

LENGTH OF LEAVE

An eligible employee may be entitled to up to 12 weeks of unpaid leave within a 12-month period without the loss of service or work benefits accumulated prior to the leave. The amount of leave available to an employee at any given time will be calculated by looking backward at the amount of leave taken within the 12-month period immediately preceding the last day of any requested period of leave. Employees are expected to return to work when the reason for the leave has ended or FMLA exhausts, whichever occurs first. An employee who fails to return to work immediately following expiration of an authorized leave period is subject to termination of employment. If so terminated, the employee shall be considered to have voluntarily quit. All leave taken under this policy and leave for any other reason that would qualify under the Family and Medical Leave Act of 1993 (FMLA), such as workers' compensation leave or disability leave, will be counted against the employee's leave entitlement under FMLA.

Military Family Leave Entitlements

Eligible employees with a spouse/domestic partner, son, daughter or parent on active duty or call to active duty status in the National Guard or Reserves in support of a contingency operation may use their 12-week leave entitlement to address certain qualifying exigencies. Qualifying exigencies may include attending certain military events, arranging for alternative childcare, addressing certain financial and legal arrangements, attending certain counseling sessions, and attending post-deployment reintegration briefings.

FMLA also includes a special leave entitlement that permits eligible employees to take up to 26 weeks of leave to care for a covered servicemember during a single 12-month period. A covered servicemember is a current member of the Armed Forces, including a member of the National Guard or

Reserves, who has a serious injury or illness incurred in the line of duty on active duty that may render the servicemember medically unfit to perform his or her duties for which the servicemember is undergoing medical treatment, recuperation, or therapy; or is in outpatient status; or is on the temporary disability retired list. Compliant with USSERA.

SUBSTITUTION OF PAID LEAVE

Employees may substitute available PTO for any part of the unpaid family and medical leave provided under this policy and within Grainger's company PTO policy. Upon advance notice to the employee, the company may require an employee to substitute available accrued PTO for any family and medical leave to be taken. If leave is requested because of the employee's serious health condition, any available paid leave taken under a workers' compensation program, the company's short-term disability program, or state leave programs automatically shall be substituted for the unpaid leave provided for under this policy.

REQUIRED EMPLOYEE NOTIFICATION

An employee who anticipates taking a family or medical leave is required to notify the employee's supervisor or the Human Resources department of the approximate date for the commencement of the leave at least 30 days in advance of the leave. In emergency situations, notice may be made as soon as it is practicable. In cases where the need for leave is foreseeable, an employee's failure to provide 30 days' notice prior to the requested leave start date may result in denial or delay of the leave.

COMPANY NOTIFICATION AND DESIGNATION OF COVERED ABSENCES

It is the company's responsibility to determine whether a requested or unexpected absence is covered by the FMLA, and to notify the employee. The employee must provide the company enough information (including medical certification if appropriate) for the company to determine whether the absence qualifies for FMLA leave by notifying the employee within 5 business days after receiving information adequate to confirm that the absence is for a FMLA-qualifying reason. Such notice may be oral, followed by written notice, and will include the designation of leave (how much time has been used and how much time is available)

CERTIFICATION FOR SERIOUS HEALTH CONDITIONS

- A. If a leave of absence is requested or begins unexpectedly because of the serious health condition of an employee or an employee's family member, the employee must submit to the company written medical certification of the serious health condition from a health care provider within 15 calendar days. Failure to provide such certification upon request may result in a denial or delay of leave. The company reserves the right to require that the employee receive a second (and possibly a third) opinion from another health care provider (at the company's expense), certifying the serious health condition of the employee or the employee's family member. The company reserves the right to periodically require that the employee provide the company with recertification of the medical condition for which leave is taken.
- B. An employee who is away from work on leave of absence necessitated by his or her own serious health condition will be required to obtain a health care provider's certification that the employee is able to return to work. Failure to provide such certification may result in the delay or denial of job restoration.

INTERMITTENT OR REDUCED SCHEDULE LEAVE

A. Leave for Serious Health Conditions

Leave taken because of an employee's or family member's serious health condition may be taken on an intermittent or reduced schedule basis when medically necessary. If an employee seeks such leave on an intermittent or reduced basis, the employee must advise the company of the reasons why the intermittent or reduced schedule leave is necessary and the treatment schedule (if applicable), in addition to providing the customary notice required for leave under this policy. Intermittent or reduced schedule leave must be supported by medical certification. If the employee's need for intermittent leave or leave on a reduced basis is foreseeable and based on planned medical treatment, the employee must make a reasonable effort to schedule the treatment in a way that will minimize disruptions to the

company's operations. When the leave is not foreseeable, the employee is expected to give notice as soon as possible under the circumstances. Such notification requires complying with Grainger's attendance guidelines for notification of the business unit (for example, by calling a leader or reporting the absence to the call-in line) and contacting the leaves administrator within 48 hours after the employee learns of the need for the leave.

Leave due to qualifying exigencies may also be taken on an intermittent basis. The company may require an employee taking foreseeable and planned intermittent or reduced schedule leave to transfer temporarily to an alternative available position for which the employee is qualified and which better accommodates the employee's recurring periods of leave, with no reduction in pay and benefits.

B. Other Leave

Intermittent or reduced schedule leave for reasons following the birth or placement of a child is at the discretion of the company and may only be allowed with approval of the supervisor and the Human Resources department.

CONTINUED BENEFITS

A. During an employee's unpaid family or medical leave of absence, the company will continue to provide health and dental benefits at the same level of coverage in effect for the employee (and, if applicable, the employee's dependents) before the leave commenced. However, the employee will be responsible for paying the employee's usual portion of the cost of health and dental coverage. An employee on unpaid family or medical leave may choose to continue to participate in the company's group optional term life insurance, dependent term life insurance and long-term disability (LTD) plans if the employee pays the full cost of the coverage. Failure to pay amounts due for any benefit in a timely manner may result in the lapse of coverage during the leave.

If any portion of an employee's family or medical leave of absence is paid (for example, if vacation time or STD is applied against the 12-week period), or if the employee is still receiving a regular paycheck while on intermittent or reduced schedule leave, all benefits will be continued automatically at the employee's usual rate, unless the employee elects to cease contributions.

B. Upon return from family or medical leave, an employee will be reinstated automatically to the same levels of benefit coverage in effect prior to the leave, regardless of whether the employee allowed coverage to lapse during the leave.

JOB RESTORATION

A. Upon return from family or medical leave, an employee will be returned to the same or an equivalent position with no reduction in pay or benefits that accrued prior to the leave of absence. An employee who does not return to work at the end of an authorized leave may be terminated and required to repay the company for its share of the costs of the employee's health and dental coverage during the leave, unless the failure to return is caused by the continued serious health condition of the employee or the employee's family member, or other circumstances beyond the employee's control.

B. Certain "key employees" may not be eligible to be restored to their jobs or equivalent jobs. The company will notify such employees of their status as "key employees" and the conditions under which job restoration may not be available.

POLICY CONTROL PROVISIONS

The leaves administrator in conjunction with the respective business units' Human Resources manager shall be responsible for ensuring compliance with recordkeeping. Grainger Human Resources department shall be responsible for ensuring compliance with posting requirements.

- A.** The company shall keep and preserve (for at least 3 years) records relating to family and medical leaves, including the following:
 - 1. Dates on which family and medical leaves are taken.
 - 2. The hours of family and medical leaves (if leave is taken for less than one day).
 - 3. A copy of all notices to and from employees.
 - 4. Records relating to the payment or non-payment of employee benefits while on leave.
 - 5. Records relating to medical certifications, recertifications, or medical histories. Medical records must be maintained separately from the employee personnel files and must be treated confidentially.
- B.** During the employee's leave, the company reserves the right to inquire periodically as to the employee's intent and plans to return to work.
- C.** Time taken for FMLA leave reasons, in accordance with this policy, is a nonchargeable absence, and may not be considered an attendance incident for any employee subject to no-fault attendance guidelines.
- D.** Leaves requested for periods of time in excess of those provided in this policy, or for reasons other than those covered in this policy, may be granted at the discretion of the company and in accordance with the provisions of the company's personal leave of absence policy.
- E.** The provisions of this policy do not supersede any state or local law that provides greater family or medical leave rights than is provided herein. Managers and supervisors should consult with their respective Human Resources managers on questions relating to state and local requirements.

STATE AND LOCAL LAW COMPLIANCE

Where state and/or local laws provide similar or overlapping entitlements, Grainger will allow the greater benefits of all applicable laws.

DEFINITIONS AND EXAMPLES

"Child" - Biological child, adopted or foster child, stepchild, legal ward, or child for whom the employee has responsibility for daily care; must be under 18 years of age or incapable of self-care.

"Spouse" - husband or wife as defined or recognized in the state where the individual was married, including in a common law marriage or same-sex marriage. Spouse also includes a husband or wife in a marriage that was validly entered into outside of the United States, if the marriage could have been entered into in at least one state. **"Parent"** – Biological, step, adoptive or foster parent of the employee, or individual who was responsible for daily care of the employee when the employee was a child ("in loco parentis").

"Serious health condition" – An illness, injury, impairment, or physical or mental condition that involves inpatient care in a hospital, hospice, or residential medical care facility; or continuing treatment by a health care provider. "Continuing treatment" includes any one or more of the following:

- (1) a period of incapacity of more than 3 consecutive full calendar days that also involves 2 or more treatments by a health care provider within 30 days of the first day of incapacity,

unless extenuating circumstances exist, by a health care provider, by a nurse under direct supervision of a health care provider, or a provider of health care services (e.g. physical therapist) under orders of, or on referral by, a health care provider;

- (2) any period of incapacity due to pregnancy, or for prenatal care;
- (3) any period of incapacity or treatment for a chronic serious health condition which requires periodic visits at least twice a year by a health care provider, or by a nurse under direct supervision of a health care provider;
- (4) any period of incapacity which is permanent or long-term due to a health condition for which treatment may not be effective; or
- (5) any period of absence to receive multiple treatments or therapy (including period of recovery) by a health care provider for a condition that would likely result in a period of absence of more than 3 consecutive full calendar days without medical intervention.

"Health care provider" – Licensed medical doctor, nurse practitioner, nurse-midwives, physician assistants (PA), osteopath, podiatrist, dentist, clinical psychologist, optometrist, chiropractor, Christian Science practitioner, clinical social worker, or any provider recognized for purposes of claims under the company's Health Benefit Plan.

"Servicemember" - a member of the Armed Forces (including the National Guard and Reserves) who is on covered active duty or has been notified of an impending call or order to covered active duty.

"Covered Active Duty" - In order for the employee to take qualifying exigency leave, the military member must be on covered active duty, under a call to covered active duty status, or have been notified of an impending call or order to covered active duty. For members of the Regular Armed Forces, covered active duty is duty during the deployment of the member with the Armed Forces to a foreign country. For members of the Reserve components of the Armed Forces (members of the U. S. National Guard and Reserves), covered active duty is duty during the deployment of the member with the Armed Forces to a foreign country under a call or order to active duty in support of a contingency operation. Deployment to a foreign country means deployment to areas outside of the United States, the District of Columbia, or any territory or possession of the United States. It also includes deployment to international waters.

Examples of Family and Medical Leave:

- A. An eligible employee goes on disability for 1 week due to pregnancy complications before the birth of a child and for another 8 weeks after giving birth to the child (9 weeks of disability – the first week was the benefit elimination period and she used her PTO, the remaining 8 weeks were STD pay). The employee may take an additional 3 weeks of paid parental leave to care for the child. The entire 12-week period counts as FMLA leave. During the 12 weeks of leave (disability + paid parental), the employee's benefits are continued automatically by payroll deduction.
- B. An eligible employee wishes to take 12 weeks of leave to care for a seriously ill family member. The employee chooses to apply 2 weeks of PTO to the 12-week total. Therefore, the employee's FMLA leave is composed of 2 weeks of PTO and 10 weeks of unpaid leave. His usual benefits will be continued automatically during the 2 weeks of PTO. During the 10 unpaid weeks, he may choose to continue health and dental benefits at his usual rate, and other available benefits by paying the full cost.
- C. An eligible employee is seriously injured in an automobile accident. He is absent from work for 14 weeks; he is to use PTO during the first week and he receives payments under the company's STD program for the remaining 13 weeks. The employee is considered to have used all of his available 12 weeks of FMLA leave. All of his benefits will be continued automatically at his usual rate during the 14-week period, in accordance with the STD program.
- D. An eligible employee provides medical certification of need to work half days (a "reduced schedule leave") to care for a seriously ill family member. The employee is entitled to work half days for as much as 24 weeks under the company's family and medical leave policy. The employee's leave time is unpaid, however because the employee is working half days, employee's benefits will be

continued by payroll deduction at the usual rate during the course of the leave unless the employee chooses to cease contributions.

- E.** An eligible employee takes 4 weeks FMLA leave beginning February 1, 4 weeks beginning June 1, and 4 weeks beginning December 1. He would not be entitled to any additional leave until February 1, of the following year. On February 1 of the following year the employee would be entitled to 4 weeks of leave; on June 1 of the following year, he would be entitled to an additional 4 weeks; etc.