

1. Policy

As part of the Company's Total Reward Package, it is our policy to provide employees with greater flexibility in how they use their annual holiday entitlement.

2. Purpose & Scope

The Flexible Holiday scheme is offered to all Barr Soft Drinks employees subject to certain conditions.

The aim of the scheme is to provide employees with the opportunity to "buy" or "sell" some of their annual holiday entitlement so that their annual leave can better match individual circumstances and lifestyles.

Statutory holidays are not affected by this policy.

3. Definitions

Holiday Year – the holiday year will commence on the 1st April each year ending on the last day of March the following year.

Annual Holiday Entitlement – All employees receive the equivalent of 5.7 weeks paid holiday entitlement each year. For the majority of employees this equates to 33 days of leave (pro-rata for part-time employees and equivalent for shift workers). This is made up on public holidays and annual leave.

Flex Window – Each year a "Flex Window" will be opened for employees to make requests to "buy" or "sell" holiday entitlement. The "Flex Window" will open in February each year and remain open for 3 weeks. The necessary payroll administration will then take place to allow the scheme to be implemented on the 1st April.

4. Conditions of the scheme

The conditions for employees to "buy" or "sell" holidays are as follows :

- 4.1 Employees must take at least 20 days of annual leave in any holiday year (pro-rated for part-time employees). Continental shift workers must take at least 16 shifts of annual holiday entitlement.
- 4.2 The maximum number of holidays which can be bought or sold is 5 days (pro-rated for part-time employees) or 3 shifts in the case of continental shift workers.
- 4.3 Only whole days can be bought or sold (pro rata for part-time employees).
- 4.4 As the process of buying holidays is a form of "salary sacrifice", employees cannot buy and sell holidays within the same holiday year.
- 4.5 Where applicable the cost of buying or selling a holiday for shift workers will be calculated using the employee's normal shift premium as at the start of the holiday year.
- 4.6 The cost of buying or selling a holiday will be fixed at the start of the holiday year and will remain in force for the holiday year subject to the points made under section 9 below.
- 4.7 An employee's holiday entitlement for the holiday year will be amended at the start of the holiday year, dependent on whether additional holidays are bought (days added to current entitlement) or sold (days deducted from current entitlement).

- 4.8** Bought holidays cannot be sold back to the Company during the holiday year. Unless the Company, in its absolute discretion, determines that there are exceptional circumstances, holidays not taken by the end of the holiday year will be forfeited. This applies to all holidays inclusive of all normal and bought entitlement. No compensatory adjustment to pay will be made.
- 4.9** Sold holidays cannot be bought back by an employee during the holiday year.
- 4.10** For the avoidance of doubt, any additional holidays bought will be the first to be used from an employee's entitlement.

5. Fixed Term / Temporary Employees

Fixed term / temporary employees will only be eligible to participate in the Flexible Holiday scheme where their period of employment is expected to last for a full holiday year. Where the precise duration of a fixed term or temporary contract is unknown, the employee will not be eligible to participate.

6. Part-time Employees

Part-time employees are eligible for the Flexible Holidays scheme. The limits on the number of days which can be bought or sold will be pro-rated depending on the number of days they work per week. Entitlements will be rounded up to the nearest half day. Calculations, as detailed at section 9 below, will be done on a pro-rata basis.

7. Application Process

Each year at the beginning of the "Flex Window" employees will be given the option to request to "buy" or "sell" some of their holiday entitlement in accordance with the scheme conditions.

Applications will be made using AppSheet electronic application process.

Employees should give consideration to their requirements for the full year when considering buying or selling holidays.

Managers must carefully consider any Flexible Holiday requests before approving or declining the request.

As the process of buying holidays is a form of salary sacrifice employees cannot buy and sell holidays within the same holiday year.

8. Right of Refusal

The Company reserves the right to refuse an employee's application to buy or sell holidays. Each case will be judged on its own merits.

For any requests, it may be necessary to refuse/reduce following consideration of operational or business requirements e.g. where an employee is working on a key project or where an employee has poor attendance or there are performance issues.

When a request is refused or reduced the manager must ensure that there is a clear reason detailed on the Flexible Holidays Application Form and must provide the employee with a copy.

9. Adjustments to Pay

Where an employee opts to “buy” or “sell” annual holiday, this will result in an adjustment to your pay. The pay adjustment (either a reduction or increase) will be spread evenly over the holiday year.

Holiday “buy” – in the case of buying holidays your take home pay will reduce because you will have to “sacrifice” salary for the additional holidays you wish to take.

The Company’s aim in implementing Flexible Holidays is to benefit you and to ensure you will not suffer any disadvantage as a result of participation. Although you need to “sacrifice” part of your pay in exchange for additional holidays, all future pay rates and rises, allowances and entitlements and your bonus will be based on earnings before any salary sacrifice is taken into account . This amount is referred to as “Reference Pay”.

Appropriate adjustments will be made to Reference Pay, to take account of holidays bought, before deductions of Income Tax and National Insurance Contributions are applied.

Holiday “sell” – in the case of selling holidays your take home pay will increase because you will receive additional pay for the days you have “sold”.

Although your take home pay will increase, all future pay rates and rises, allowances and entitlements and your bonus will be based on earnings before any pay increase for days sold. This amount is referred to as “Reference Pay”.

Payments made for annual leave sold will be subject to Income Tax and National Insurance Contributions

Where holidays are paid at basic pay (plus shift premium if applicable) a day’s holiday is calculated by dividing the annual basic salary (plus shift premium if applicable) by 260 days (or 182 shifts in the case of continental shift workers). This value must then be multiplied by the number of holidays to be bought or sold to calculate the cost of the additional holidays or the increase in pay. An appropriate adjustment to pay is then applied as a salary sacrifice or additional payment spread equally over the full holiday year.

Where holidays are paid at a fixed monetary amount, an employee's daily holiday rate is available from their site payroll administrator. This value must be multiplied by the number of holidays to be bought or sold to calculate:

- the cost to the employee of buying holiday entitlement;
- OR**
- the increase in pay an employee will receive for selling holiday entitlement.

An appropriate adjustment will be made to pay to take account of the salary sacrifice for holidays bought or an additional payment for holidays sold. The salary sacrifice or additional payment will be processed as a separate hourly rate adjustment throughout the year. A ready reckoner is available from HR should an employee wish to know the exact hourly rate adjustment applicable.

10. Changes in pay or working patterns during the year

Once a Flexible Holiday Request has been approved employees will not be able to change their holiday entitlement until the next Flex Window opens. The cost of buying or selling holiday will therefore be fixed at the start of the holiday year and will remain in force for the holiday year.

In normal circumstances, no adjustments will be made to the Flexible Holiday “buy” or “sell” calculations for any changes to an employee’s pay or shift premiums which occur during the holiday year.

However, where an employee significantly changes their hours of work during the holiday year, resulting in a significant change to their pay e.g. part-time working, then consideration will be given to making a pro-rata calculation and adjustment taking into account the holidays accrued and the holidays taken at the time of the change.

11. Statutory payments

If an employee has bought holiday entitlement and, during the holiday year, the employee is in receipt of a statutory payment only (including Statutory Maternity Pay, Statutory Adoption Pay, Statutory Paternity Pay or Statutory Sick Pay) or no pay, then it will not be possible to “sacrifice” pay at this time.

In these circumstances a reconciliatory deduction will be calculated and applied when the employee receives pay again.

Again, for the avoidance of doubt, any additional holidays bought will be the first to be used from an employee’s entitlement.

12. Holiday Rules

Any Flexible Holiday choices will be managed in accordance with the normal holiday rules as set out in the Time off Work policy, as detailed in individual statements of terms and conditions and in line with any local arrangements. For example, additional holidays need to be taken by prior arrangement with management.

13. Employees joining during a holiday year

New employees joining the Company during a holiday year will only be eligible to participate in the scheme from the start of the following holiday year.

14. Employees leaving during a holiday year

Where an employee has bought or sold annual leave, the days are considered accruable for the purposes of calculating holiday entitlement up to the date of leaving.

Where an employee has bought holiday entitlement, the additional days purchased are paid for evenly throughout the holiday year i.e. the days are not fully funded until the holiday year has completed. Therefore employees are only paid for the days accrued at the time of leaving, unless they have used more holidays than the accrued entitlement.

Where an employee has sold annual leave they receive additional pay in return for these days evenly throughout the year. An employee who leaves part way through a holiday year will only have accrued a proportion of the leave they have sold. Therefore the employee will already

have been paid for the number of days that have accrued at the time of leaving, unless they have used more holidays than the accrued entitlement.

Normal contractual rules apply in relation to the deduction of pay for leave taken in excess of accrued entitlement at the time of leaving.

In calculating accrued annual leave upon leaving, entitlements are rounded up to the nearest half day.

15. Responsibilities

Line Managers are responsible for:

- Carefully considering Flexible Holiday requests
- Ensuring that the approval of requests will have no significant detrimental effect on their area e.g. will not lead to significant additional costs
- Ensuring that if a request is declined the employee is given written reasons for the refusal, following discussion with HR

Employees are responsible for:

- Complying with the terms of the Flexible Holidays policy

16. Company Discretion

This policy is applied at the Company's absolute discretion and may be amended, updated or withdrawn at any time without notice in order to respond to the changing needs of the business as well as changes in legislation.

This policy does not confer any contractual rights.

Last Reviewed : January 2022

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