

**The Cato Corporation**  
**FIELD POLICY AND PROCEDURE**

**FMLA LEAVE OF ABSENCE POLICY**

**Purpose**

The Cato Corporation understands that associates need to balance the demands of the workplace with the needs of their families and their own personal health. In addition, the Company complies with legal requirements under the Family and Medical Leave Act (FMLA).

**Policy:**

**Eligibility**

To be eligible for FMLA leave, the associate must have:

- Been employed by the Company for at least 12 months (which do not need to be consecutive), and
- Worked at least 1,250 hours during the 12-month period immediately preceding the start of leave (these hours must be actual hours worked, not to include holidays, PTO, bereavement).<sup>1</sup>

**Basic FMLA Leave Entitlement**

Eligible associates are entitled to up to 12 workweeks of unpaid job-protected leave in a rolling 12-month period (measured forward from the date an associate uses any FMLA leave) for certain family and medical reasons. Leave must be taken for any one or combination of the following reasons:

- For your own serious health condition that makes you unable to perform one or more of the essential functions of your job
- For the birth of your child and to care for the newborn child
- Incapacity due to pregnancy, prenatal care and childbirth
- For placement of a child with you for adoption or foster care and to care for the newly placed child. Note: Only through the end of the 12-month period following the date of the birth or the placement
- To care for your spouse, child, or parent (but not in-law) with a serious health condition
- To care for a U.S. service member or veteran with a serious injury or illness incurred or aggravated in the line of duty while on active military duty if the associate is the spouse, child, parent, or next of kin of the service member or veteran
- For a qualifying exigency arising out of the fact that the associate's spouse, child, or parent is a member of a regular component of the U.S. Armed Forces who is deployed on active duty to a foreign country or is a member of the National Guard or Reserves who is deployed to a foreign country on active duty pursuant to Section 101(a)(13)(B) of Title 10 of the United States Code

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<sup>1</sup> In accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA), an associate returning from a National Guard or Reserve military service will be credited with the hours of service that would have been performed while away in determining whether he or she has worked 1,250 hours.

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When leave is to care for a service member or veteran with a serious injury or illness, an eligible associate may take up to 26 workweeks of leave during a single 12-month period to care for that service member or veteran. Leave to care for an injured or ill service member or veteran, when combined with other FMLA qualifying leave, may not exceed 26 weeks in the single 12-month period during which the 26 weeks of military caregiver leave is available. A single 12-month period for purposes of military caregiver leave begins on the first date the associate provides care and ends twelve months after that date, regardless of the rolling 12-month period that the Company utilizes for determining available leave for other FMLA-qualifying reasons.

If a husband and wife both work for the Company and each wishes to take leave for the birth of a child, adoption or placement of a child in foster care the husband and wife may take only a combined total of 12 weeks of leave.

**Serious Health Condition**

A serious health condition is one that involves either:

- Inpatient care at a hospital, hospice, or medical care facility
- Any incapacity from daily activities for more than three consecutive, calendar days that involves continuing treatment by a healthcare provider,
- Continuing treatment by a health care provider or recovery period for a chronic or long-term health condition that, if left untreated, would result in a period of incapacity of more than three days, or
- Any period of incapacity due to pregnancy or for prenatal care

Conditions which are not serious health conditions include minor ailments that do not meet the above criteria. Questions about what illnesses are covered under this policy should be directed to the Benefits Department.

**Qualifying Exigency for Military Family Leave**

Eligible employees whose spouse, son, daughter or parent is a current or retired service member (including the Regular Armed Forces, Reserves or National Guard) who is on covered active duty or received a call to covered active duty) and will be deployed to a foreign country may take leave for the following:

- instances where a qualifying family member is given less than seven days' notice of deployment (employee may take up to seven days' leave);
- military events and related activities;
- childcare and school activities;
- financial and legal arrangements;
- counseling for oneself, the military member, or children of the military member;
- rest and recuperation (employee may take up to fifteen days per leave);
- post-deployment activities;
- parental care leave for the military member's parent under certain circumstances; and additional activities agreed upon by the Company.

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**Intermittent Leave or Reduced Work Schedule**

An associate may request intermittent or reduced work schedule only when it is medically necessary to care for the associate's serious health condition or to care for their spouse, son, daughter or parent with a serious health condition. Intermittent Leave is leave taken in separate blocks of time due to a single illness or injury, rather than for one continuous period of time, and may be taken in increments of one hour or more. Examples of intermittent leave would include leave taken for scheduled medical appointments or leave taken several days at a time spread over a period of several months for treatment such as chemotherapy. An associate undergoing planned medical treatment is required to make a reasonable effort to schedule the treatment to minimize disruptions to the Company's operations. Intermittent FMLA leave is not permitted for the birth of a child or to care for a newborn child or newly adopted child when there is no serious medical condition.

Reduced Work Schedule is when an associate, under certain circumstances, may use the leave to reduce the work week or work day, resulting in a reduced-hour schedule. An example of this would be an associate who is recovering from a serious health condition who is not strong enough to work a full-time schedule. The Company may temporarily transfer an associate to an available alternative position with equivalent pay and benefits if the alternative position would better accommodate the foreseeable need for an intermittent or reduced schedule. The pay of a salaried associate who takes an intermittent or reduced schedule leave may be adjusted to reflect the actual hours worked.

**Procedure:**

**Associate Obligations for FMLA Leave**

A. Provide Notice of the Need for Leave

When the need for leave is foreseeable, the associate must provide the Company with at least 30 days advance notice. Contact the Benefits Department at (704) 551-7268 or at [Benefits@CatoCorp.com](mailto:Benefits@CatoCorp.com). When an associate becomes aware of a need for FMLA leave less than 30 days in advance, the associate must provide as much notice of the need for the leave as possible, usually meaning either the same day or the next day.

B. Submit Initial Medical Certifications

If you are requesting leave because of your own, or a covered family member's serious health condition, or to care for a covered service member, you must supply a Medical Certification form supporting the need for such leave from your health care provider or, if applicable, the health care provider of your covered family or service member. A FMLA packet, which includes the Medical Certification form, should be obtained from the Benefits Department at (704) 551-7268 or at [Benefits@CatoCorp.com](mailto:Benefits@CatoCorp.com).

You should provide the medical certification within 15 days after making the leave request. Failure to provide requested medical certification in a timely manner may

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result in the delay of FMLA leave or a designation that leave already taken is not authorized as FMLA leave.

If the Company needs to clarify the information provided on the certification or recertification, the Company may discretely contact your health care provider in an effort to clarify the certification or authenticate the certification. If the Company has reason to doubt an initial medical certification, the Company may require you to obtain a second opinion by an independent designated health care provider at the Company's expense. If the initial and second certifications differ, the Company may, at its expense, require you to obtain a third, final and binding certification from a jointly selected health care provider.

Medical Recertification Upon Request During FMLA Leave

Depending on the circumstance and duration of FMLA, you may be required to provide recertification of medical conditions causing your need for leave. You will have at least 15 calendar days to provide medical recertification.

Extension of Leave

If medical reasons require extension of leave beyond a scheduled date of return, you must give the Company as much advance notice as possible of the need for additional leave. The Company may require additional certification to demonstrate the medical need for the additional leave.

Return to Work Certifications at the End of FMLA Leave

If you were on leave for your own serious health condition, you must provide medical certification confirming that you are able to return to work. This should be submitted to the Benefits Department at least 2 days in advance of the expected date of return or your return to work may be delayed.

**Notice of Eligibility for and Designation of FMLA Leave**

When requesting FMLA Leave, you are entitled to receive written notice from the Company describing whether you are eligible for FMLA leave and, if not, the reasons.

**Benefits While on Leave**

During FMLA leave, you are entitled to continue your health coverage on the same terms as if you were actually working. While on paid leave, the Company continues to make payroll deductions to collect the associate's share of the premium. While on unpaid leave, the associate must continue to make this payment, either in person or by mail. The payment must be received in the Benefits Department by the 5<sup>th</sup> day of each month. At the request of the associate, an associate may pre-pay for premiums through a pre-tax payroll deduction.

If the payment is more than 30 days late, the associate's benefits coverage may be dropped for the duration of the leave. The Company will provide 15 days' notification

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prior to the associate's loss of coverage. If the associate returns to work and the associate is in arrears for prior benefit deductions, all regular benefit paycheck deductions will be doubled until the obligation is met, except where restricted under state law.

If the associate chooses not to return to work for reasons other than a continued serious health condition, the Company may require the associate to reimburse the Company the amount it paid for the associate's benefits premiums during the period of leave.

Other accumulated fringe benefits shall be preserved at the level earned as of commencement of the leave, but shall not accrue further during such leave period.

**Holiday Pay**

You are entitled to holiday pay if you are on active status at the time of the holiday. In some instances, regular hours need to be worked in the holiday week in addition to active status for you to be entitled to holiday pay.

**Job Restoration**

At the end of FMLA leave, you generally have a right to return to the same or equivalent position you held before the leave, with equivalent pay, benefits and other employment terms. The Company may choose to exempt certain highly compensated associate's from this requirement and not return them to the same or similar position.

**Use of Paid Time Off (PTO)**

You may use accrued paid time off (PTO) to be paid while on leave, subject to the terms and conditions of the Company's policy. The use of PTO or other paid leave such as workers' compensation leave does not extend the amount of FMLA leave available.

**Other Leave**

- A. All associates who are unable to work due to injury, illness, pregnancy, childbirth or related medical conditions, and have exhausted or are not eligible for FMLA leave, may be eligible for leave under the Company's Personal Leave of Absence or Reasonable Accommodation policies. Please see those Policies for more information