



PAID TIME OFF (PTO)

EFFECTIVE DATE: 11/15/2023

REVISION DATE: 8/1/2024

The Company understands the importance of maintaining a healthy work-life balance and supporting the well-being of our employees. Our Paid Time Off (PTO) policy is designed to provide employees with flexibility and autonomy to manage their personal and professional commitments.

Purpose:

The purpose of the PTO policy is to recognize the valuable contributions of our employees and to prioritize their holistic well-being while ensuring business continuity through a structured request and approval processes. This policy is also intended to provide guidance to promote the consistent application of PTO benefits designed to support our employees.

Paid Time Off:

PTO is a benefit that provides eligible employees with paid time away from work. It is an all-purpose time off policy combining traditional vacation and sick time into one flexible time-off policy. Eligible employees can use PTO for any reason including but not limited to:

- **Vacation:** Employees are encouraged to take time off to rest, relax, and explore new experiences.
- **Personal Time:** PTO can be used for personal appointments, religious observances, weather-related concerns, or activities that contribute to one's physical, or emotional well-being.
- **Illness or Health:** Employees should use PTO for illness, injury, or medical appointments, ensuring the necessary time to prioritize their health.
- **Family Care:** PTO can be used for family-related matters, such as caring for a sick child, attending a school conference or family event.
- **Mental Health:** We recognize the importance of one's mental health. Employees are encouraged to use PTO for self-care, stress management, or mental health days as needed.

It is the employee's responsibility to proactively consider and manage their time off needs to ensure appropriate availability throughout the year as needed.

Eligibility: Full-time employees are eligible for PTO benefits. An employee's (hourly/salaried) classification, specific position, and primary work location determines their PTO eligibility requirements (e.g. length of service, waiting period, hours worked, etc.), the maximum amount of PTO hours granted, and the maximum number of PTO hours they will use for a full-day absence. For convenience and clarity, PTO eligibility & benefits are separated by level (Levels I - III). Please note, part-time employees are not eligible for PTO. The following PTO eligibility matrix outlines PTO eligibility and details for all levels.

PTO ELIGIBILITY MATRIX

LEVEL ONE (I):	EMPLOYEE TYPE:	PRIMARY WORK LOCATION:	ELIGIBLE POSITIONS INCLUDE:	PTO ELIGIBILITY REQUIREMENTS & DETAILS:	PTO USAGE:
	FULL-TIME HOURLY EMPLOYEE: (This PTO classification is <u>only applicable</u> to hourly store/restaurant employees below the RGM level.)	Any store/restaurant location including but not limited to: <ul style="list-style-type: none">• Taco Bell• Wing Stop• Chicken Salad Chick	<ul style="list-style-type: none">• Crew Member/Team Member• Team Member Trainer• Shift Leader• Assistant Manager	Full-time, hourly store/restaurant employees are eligible for PTO at the beginning of the calendar year (January 1 st) following 12 months of continuous employment during which the employee must have worked an average of 35 hours per week or more . Eligible hourly employees averaging at least 35 hours at the end of the calendar year will be eligible for PTO the following calendar year. Hourly employees averaging less than 35 hours/week are not eligible for PTO. If eligibility requirements are met, the PTO amount granted will be the average of the employee's weekly hours worked (during the previous year) between 35 – 40 hours, not to exceed 40 hours . *(e.g. 1820 hours worked / 52 weeks = 35 PTO hours) PTO is granted annually on January 1 st , not on an employee's anniversary date. PTO for hourly store employees is not auto-renewed each calendar year. Once the PTO eligibility requirements have been met, hourly employees must maintain the average hours worked requirement each year to be considered eligible for PTO the following calendar year.	Eligible employees may use PTO in increments of no less than 1 hour and no more than 8 hours per day . Please note: An hourly store employee taking a full day of PTO should request 8 hours of PTO in the system.
	FULL-TIME EMPLOYEE: (This PTO classification is <u>only applicable</u> to MSI & RSC employees and store or remote employees in positions of RGM & above.)	<ul style="list-style-type: none">• Restaurant Service Center (RSC)• Training & Maintenance Center• Any restaurant location (RGMs & MTMs only)• Remote Locations (Area Coach (AC), employees reporting direct into MSI/RSC) (Note: Level II PTO is not applicable to employees at any location in the position of Director & above.)	<ul style="list-style-type: none">• Restaurant General Manager (RGM)• Market Training Manager (MTM)• Area Coach RSC positions and positions reporting directly into MSI (not a store/restaurant) including: <ul style="list-style-type: none">• Maintenance Technicians• IT Technicians• Operations Services, etc. (Note: Level II PTO is not applicable to Director positions & above (DO, VP, EVP, etc.)	Full-time employees are eligible for PTO the first pay period following 60 days of employment . The amount of PTO granted will be prorated based on an employee's date of hire (within the calendar year). See PTO Proration Table below. Beginning January 1 st following an employee's date of hire, PTO benefits will only be granted on an annual basis at the beginning of each calendar year (January 1 st). The amount of PTO hours granted are based on the tiered schedule below. Eligible employees will advance to the appropriate PTO tier after successfully completing the years of service requirement in their current tier. The years of service requirement is based on the employee's anniversary date. Advancement to the next PTO tier will occur when PTO is granted at the beginning of the following calendar year (January 1 st). <ul style="list-style-type: none">• Tier 1: 1 - 3 years of service = 10 PTO days / 100 hrs.• Tier 2: 4 - 7 years of service = 15 PTO days / 150 hrs.• Tier 3: 8 + years of service = 20 PTO days / 200 hrs. EXAMPLE: Tameka, an RGM, was hired on August 1, 2021. As such, she was granted 100 hours of PTO at the beginning of each calendar year on January 1, 2022, January 1, 2023, and January 1, 2024. She celebrated completion of 3 years of service with the company on August 1, 2024 making her eligible for PTO Tier 2. On January 1, 2025, Tameka was granted 150 hours of PTO. Please note: If an employee is hired less than 60 days before January 1 st they are still subject to the 60 day waiting period before (prorated) PTO benefits will be granted.	Maintenance: <ul style="list-style-type: none">• 8-hour days may request 1 to 8 hours of PTO.• 10-hour days may request 1 to 10 hours of PTO. All other Level II employees may only use PTO in 10-hour increments . (10 hours = a full day)
	DIRECTOR & ABOVE: (This PTO classification is <u>only applicable</u> to employees in a position of Director and above.)	<ul style="list-style-type: none">• Restaurant Service Center (RSC) (Director & above only)• Remote (Director & above only)	<ul style="list-style-type: none">• All Director & above positions (DO, VP, EVP, C-Suite, etc.)	Directors & above are eligible for PTO the first pay period following 60 days of employment . The amount of PTO granted will be prorated based on the employee's date of hire (within the calendar year). See PTO Proration Table below. Beginning January 1 st following an employee's date of hire, PTO benefits will only be granted on an annual basis at the beginning of each calendar year (January 1 st). The amount of PTO hours granted are based on the tiered schedule below. Directors & above will advance to the appropriate PTO tier after successfully completing the years of service requirement in their current tier. The years of service requirement is based on the employee's anniversary date. Advancement to the next PTO tier will occur when PTO is granted at the beginning of the following calendar year (January 1 st). <ul style="list-style-type: none">• Tier 1: 1 - 3 years of service = 15 PTO days / 150 hrs.• Tier 2: 4 - 7 years of service = 20 PTO days / 200 hrs.• Tier 3: 8 + years of service = 25 PTO days / 250 hrs. EXAMPLE: Maribel, a DO, was hired in October 2021. As such, she has been granted 150 hours of PTO at the beginning of each calendar year on January 1, 2022, January 1, 2023, and January 1, 2024. She celebrated completion of 3 years of service with the company in October 2024 making her eligible for PTO Tier 2. On January 1, 2025, Maribel was granted 200 hours of PTO. Please note: If an employee is hired less than 60 days before January 1 st they are still subject to the 60 day waiting period before (prorated) PTO benefits will be granted.	Directors & above employees may only use PTO in 10-hour increments . (10 hours = a full day.)
	LEVEL TWO (II):				
	LEVEL THREE (III):				

PTO PRORATION TABLE			
Month	PTO Awarded	Month	PTO Awarded
January	10 Days after 60 days worked	July	4 Days after 60 days worked
February	9 Days after 60 days worked	August	3 Days after 60 days worked
March	8 Days after 60 days worked	September	2 Days after 60 days worked
April	7 Days after 60 days worked	October	1 Days after 60 days worked
May	6 Days after 60 days worked	November	N/A
June	5 Days after 60 days worked	December	N/A
(The number of prorated days granted applies to PTO levels II & III for external hires & newly promoted employees.)			

Promotions: When an hourly employee (e.g. AGM, Shift Leader, etc.) is promoted to a salaried position (e.g. RGM, etc.) they become eligible for Level II PTO benefits on the first pay period 60 days after their promotion effective date. When promoted, an employee's date of hire will be used to determine their annual PTO amount. PTO benefits for newly promoted employees will be prorated based on the effective date of the employee's promotion. To ensure fairness and consistency of the PTO policy, any previous PTO hours granted during the year will be applied toward the employee's prorated PTO amount. PTO will be paid at an employee's prevailing rate of pay at the time the PTO is used. These promotion guidelines also apply to an employee being promoted from a PTO Level II to a PTO Level III eligible position.

EXAMPLE: Jennifer is a full-time, hourly Shift Leader that has been with the company for 2 years. She was granted 40 hours of PTO on January 1st. In April, Jennifer is promoted to RGM. Based on her new position (RGM), tenure (2 years), and promotion month (April), Jennifer would be eligible for 80 hours of prorated PTO to use for the remainder of the year (see PTO Eligibility Matrix & PTO Proration Table). Because Jennifer was already granted 40 hours this calendar year, prior to her promotion, she would receive an additional 40 PTO hours on the first pay period 60 days after her promotion effective date, for a total of 80 (prorated) hours for the year.

Demotions: When a salaried employee (e.g. RGM, etc.) is demoted to an hourly position (e.g. AGM, Shift Leader, etc.) they will become eligible for Level I PTO benefits at the maximum of 40 hours. A demoted employee will be eligible for 40 hours less any PTO they have already taken during the calendar year. To ensure fairness and consistency of the policy, any previous PTO hours used during the calendar year will be deducted from the employee's available PTO amount (e.g. 40 hours – Hours Already Used During the Calendar Year = Available Balance After Demotion). If the employee has already used more than 40 PTO hours within the calendar year, they will have no PTO available. PTO will be paid at an employee's prevailing rate of pay at the time the PTO is used.

EXAMPLE: Ajay is an RGM who began the calendar year with 100 hours of PTO. He used 30 of his available PTO hours in March. In May, Ajay was demoted to a Shift Leader position. Based on his new position (Shift Leader) and the number of PTO hours he has already used within the calendar year (30), he will have 10 PTO hours remaining for the rest of the calendar year. (e.g. 40 PTO hours (granted) – 30 PTO hours (already used) = 10 PTO hours (available)).

The following provisions apply to the use of all PTO (Levels I – III):

- All PTO **must be approved in advance** by the employee's manager prior to taking the time off. Approval consideration will include store or department staffing needs, etc. Unapproved PTO will not be paid out. Except in cases of a verifiable emergency, an employee must request PTO at least three (3) weeks in advance directly in the HR/Payroll system (Paychex). Please note: Documentation may be required to substantiate emergency situations.
- No more than seven (7) continuous PTO days may be used at one time without the prior approval of the employee's Director (DO) or Vice President (VP).
- PTO hours must be used within the calendar year granted. All unused PTO hours will expire at the end of the calendar year (December 31st) and **will not carry over** into the next calendar year unless required by law.
- PTO will be paid at an employee's regular (straight-time) hourly rate or regular salary at the time PTO is taken. PTO is **not** considered hours worked for the purpose of calculating overtime pay.
- PTO will not be paid out in lieu of taking time off. Additionally, PTO may not be used to receive pay in excess of wages earned for a normal workday. The total amount of hours worked plus hours taken as PTO in a single day may not exceed the number of hours in an employee's normal daily work schedule.
- PTO is not transferable, once granted it cannot be transitioned or given to another employee.
- Employees on an approved leave of absence (FMLA, disability, worker's compensation, etc.) must use all available PTO before continuing on an unpaid leave of absence. This provision excludes employees on approved military leave. Additionally, any employee with an available PTO balance must exhaust their PTO before requesting unpaid time off.
- PTO may not be used to supplement any other type of pay such as disability (e.g. STD, LTD) or worker's compensation.
- PTO cannot be borrowed in advance. PTO must be granted and available to be used.
- Available PTO may not be used in lieu of notice. Additionally, to ensure effective business continuity, an employee may not use PTO during their last five (5) days of employment. **PTO taken during an employee's last five (5) days of employment will not be paid out.** Unless on an approved leave of absence, an employee must be actively working on the date their employment ends.
- Employees eligible for Level II or III PTO that are absent from work at the beginning of the calendar year due to an approved leave of absence, disability leave, or workers' compensation will be granted a prorated amount of PTO hours based on their return-to-work effective date. This does not apply to employees eligible for Level I PTO.
- An employee may not take PTO if it will cause undue hardship on the business (e.g. excessive overtime, short staffing, etc.) In the case of undue hardship, the employee should work with their manager to determine a reasonable, more appropriate time to take PTO.
- Due to seasonal peaks resulting in a high volume of business and/or staffing transitions, store managers (e.g. RGMs) may not take PTO during the following dates (blackout periods) unless approved by their Director (DO) or Vice President (VP) of Operations:

- May 15 - June 15
 - August 15 - September 15
- PTO **will not** be paid out upon separation. All unused PTO hours will be forfeited upon voluntary resignation, involuntary termination, or retirement.

An employee taking time off should be considerate of business needs and plan appropriately, ensuring that necessary responsibilities are complete and appropriate coverage or back-up is put in place prior to going out on PTO. This PTO policy is established on mutual respect and trust. If gross abuse of the PTO guidelines is observed, disciplinary action may be taken up to and including termination.