

## PAID TIME OFF

**EFFECTIVE DATE:** 11/15/2023

**REVISION DATE:** 1/1/2026

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. For the purposes of this policy, full-time is defined as an employee regularly averaging 35 hours or more per week (during the prior calendar year). An employee's classification (hourly/salaried) and position determines their PTO eligibility, the maximum amount of PTO hours granted, and the maximum number of PTO hours they will use for a full-day absence. **Please note, part-time employees are not eligible for PTO.** For the purposes of this policy, part-time is defined as an employee averaging less than 35 hours per week.

For convenience and clarity, PTO eligibility & benefits are separated by level (Levels 1-4). The following PTO eligibility matrix outlines PTO eligibility and details for all levels.

# PTO ELIGIBILITY MATRIX

LEVEL ONE (1):	EMPLOYEE TYPE:	PRIMARY WORK LOCATION:	ELIGIBLE POSITIONS INCLUDE:	PTO ELIGIBILITY CRITERIA & DETAILS:	PTO USAGE:
	<b>FULL-TIME RESTAURANT EMPLOYEE:</b> (This PTO classification is <u>only applicable</u> to full-time, hourly restaurant employees below the AGM level that meet the PTO eligibility criteria.)	Any store/restaurant location including but not limited to:  • Taco Bell • Wing Stop • Chicken Salad Chick	• Team Member/Crew Member • Team Member Trainer • Shift Leader	Full-time, hourly restaurant employees are eligible for PTO at the <b>beginning of the calendar year</b> (January 1 <sup>st</sup> ) <b>following 12 months of continuous employment</b> during which the employee <b>must have worked an average of 35 hours per week or more</b> .  • Eligible employees averaging at least 35 hours per week at the end of the calendar year will be granted PTO the following calendar year. (Only applicable after initial 12-month waiting period.) • <b>Hourly employees averaging less than 35 hours/week are not eligible for PTO.</b>  If eligibility requirements are met, the <b>PTO amount granted will be the average of the employee's weekly hours worked</b> (during the previous year) <b>between 35 – 40 hours, not to exceed 40 hours</b> .  *(e.g. 1820 hours worked / 52 weeks = 35 PTO hours)  • PTO is granted annually on January 1 <sup>st</sup> , not on an employee's anniversary date. • PTO for hourly store employees is <b>not auto-renewed</b> each calendar year. Once the PTO eligibility requirements have been met, hourly employees <b>must maintain the average hours worked requirement each year</b> to be considered eligible for PTO the following calendar year.	Eligible employees may use PTO in increments of <b>no less than 1 hour and no more than 8 hours per day</b> .  <b>Please note:</b> An hourly store employee taking a <b>full day</b> of PTO should <b>request 8 hours</b> of PTO in the system.
	<b>ASSISTANT GENERAL MANAGER:</b> (This PTO classification is <u>only applicable</u> to employees in an AGM position.)	Any store/restaurant location including but not limited to:  • Taco Bell • Wing Stop • Chicken Salad Chick	• Assistant General Manager (AGM)  ( <b>Note:</b> Level 2 PTO is not applicable to restaurant positions below the AGM level.)	AGMs are eligible for PTO the first pay period after completing <b>180 days of continuous employment in the AGM role</b> .  Upon meeting the 180-day eligibility requirement, AGMs will receive a <b>prorated PTO grant</b> based on their eligibility/effective date within the calendar year. (See PTO Proration Table below)  Beginning <b>January 1 following the initial grant</b> , eligible AGMs will receive an <b>annual PTO grant of 80 hours</b> , provided they remain in an eligible AGM position. The PTO amount for Level 2 employees: • is granted annually on January 1 <sup>st</sup> , not on an employee's eligibility/effective date. • does not increase based on length of service. • is not subject to tier progression.  <b>Please note:</b> An AGM must work an average of 35 hours per week to be eligible for PTO. AGMs averaging less than 35 hours/week will not receive PTO.	• AGMs regularly working 8-hour days may request 1 to 8 hours of PTO. • AGMs regularly working 10-hour days may request 1 to 10 hours of PTO.
	<b>FULL-TIME EMPLOYEE:</b> (This PTO classification is <u>only applicable</u> to MSI & RSC employees, restaurant employees in positions of RGM, S-RGM, MTM, and Area Coaches.)	• Restaurant Service Center (RSC) • Maintenance/Warehouse • Any restaurant location (RGMs, S-RGMs & MTMs only) • Remote/Hybrid-Based	• Restaurant General Manager (RGM) • Sr. Restaurant General Manager (S-RGM) • Market Training Manager (MTM) • Area Coach (AC) • Sr. Area Coach (S-AC)  RSC positions and positions reporting directly into MSI (not a restaurant) including: • Maintenance Technicians • IT Technicians • Operations Services, etc.  ( <b>Note:</b> Level 3 PTO is not applicable to Director positions & above (DO, VP, EVP, etc.))	Full-time employees are eligible for PTO the <b>first pay period following 60 days of employment</b> . The amount of PTO granted will be <b>prorated based on an employee's date of hire</b> within the calendar year. See PTO Proration Table below.  Beginning January 1 <sup>st</sup> following an employee's date of hire, PTO benefits will only be <b>granted on an annual basis at the beginning of each calendar year</b> (January 1 <sup>st</sup> ). 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 <sup>st</sup> ). • <b>Tier 1:</b> 1 - 3 years of service = 10 PTO days / 100 hrs. • <b>Tier 2:</b> 4 – 7 years of service = 15 PTO days / 150 hrs. • <b>Tier 3:</b> 8 + years of service = 20 PTO days / 200 hrs.  <b>EXAMPLE:</b> 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.  <b>Please note:</b> If an employee is hired less than 60 days before January 1 <sup>st</sup> , they are still subject to the 60-day waiting period before (prorated) PTO benefits will be granted.	<b>Maintenance/IT Employees regularly working:</b> • 8-hour days may request 1 to 8 hours of PTO. • 10-hour days may request 1 to 10 hours of PTO.  All <b>other Level 3</b> employees <b>may only use PTO in 10-hour increments</b> . (10 hours = a full day)
LEVEL TWO (2):					
LEVEL THREE (3):					

PTO ELIGIBILITY MATRIX				
EMPLOYEE TYPE:	PRIMARY WORK LOCATION:	ELIGIBLE POSITIONS INCLUDE:	PTO ELIGIBILITY CRITERIA & DETAILS:	PTO USAGE:
<b>LEVEL FOUR (4):</b>  <b>DIRECTOR &amp; ABOVE:</b> (This PTO classification is <u>only</u> applicable to employees in a position of Director and above.)	<ul style="list-style-type: none"> <li>• Restaurant Service Center (RSC)</li> <li>• Remote/Hybrid-Based</li> </ul>	<ul style="list-style-type: none"> <li>• All Director &amp; above positions (DO, VP, EVP, C-Suite, etc.)</li> </ul>	<p>Directors &amp; above are eligible for PTO the <b>first pay period following 60 days of employment</b>. The amount of PTO granted will be <b>prorated based on the employee's date of hire</b> within the calendar year. See PTO Proration Table below.</p> <p>Beginning January 1<sup>st</sup> following an employee's date of hire, PTO benefits will only be <b>granted on an annual basis at the beginning of each calendar year</b> (January 1<sup>st</sup>). The amount of PTO hours granted are based on the tiered schedule below. Directors &amp; 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<sup>st</sup>).</p> <ul style="list-style-type: none"> <li>• <b>Tier 1:</b> 1 - 3 years of service = 15 PTO days / 150 hrs.</li> <li>• <b>Tier 2:</b> 4 - 7 years of service = 20 PTO days / 200 hrs.</li> <li>• <b>Tier 3:</b> 8+ years of service = 25 PTO days / 250 hrs.</li> </ul> <p><b>EXAMPLE:</b> 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.</p> <p><b>Please note:</b> If an employee is hired less than 60 days before January 1<sup>st</sup>, they are still subject to the 60-day waiting period before (prorated) PTO benefits will be granted.</p>	Directors & above employees <b>may only use PTO in 10-hour increments.</b> (10 hours = a full day.)

PTO PRORATION TABLE			
(The Proration Table applies to initial PTO granted to external hires & newly promoted employees in Levels 2, 3, & 4.)			
Month of Hire	Level 2	Level 3	Level 4
<b>January</b>	80 hours after 180 days worked	10 Days after 60 days worked	15 Days after 60 days worked
<b>February</b>	72 hours after 180 days worked	9 Days after 60 days worked	14 Days after 60 days worked
<b>March</b>	64 hours after 180 days worked	8 Days after 60 days worked	13 Days after 60 days worked
<b>April</b>	56 hours after 180 days worked	7 Days after 60 days worked	11 Days after 60 days worked
<b>May</b>	48 hours after 180 days worked	6 Days after 60 days worked	10 Days after 60 days worked
<b>June</b>	40 hours after 180 days worked	5 Days after 60 days worked	9 Days after 60 days worked
<b>July</b>	N/A	4 Days after 60 days worked	8 Days after 60 days worked
<b>August</b>	N/A	3 Days after 60 days worked	6 Days after 60 days worked
<b>September</b>	N/A	2 Days after 60 days worked	5 Days after 60 days worked
<b>October</b>	N/A	1 Day after 60 days worked	4 Days after 60 days worked
<b>November</b>	N/A	N/A	N/A
<b>December</b>	N/A	N/A	N/A

**Promotions:** When an employee is promoted into a position that is eligible for a different PTO level, the employee will become eligible for the PTO benefits associated with the new level in accordance with that level's eligibility and waiting period requirements.

Upon promotion, the employee's original date of hire will continue to be used for purposes of determining annual PTO eligibility, unless otherwise specified by the applicable PTO level. PTO benefits for newly promoted employees will be prorated based on the effective date of the promotion and aligned to the Company's calendar-year PTO grant schedule.

To ensure fairness and consistency, any PTO hours or days previously granted during the same calendar year will be applied toward the employee's prorated PTO amount under the new PTO level. Employees will not receive duplicate or overlapping PTO grants as a result of a promotion.

PTO will be paid at the employee's prevailing rate of pay at the time the PTO is used, regardless of when the PTO was granted.

These promotion guidelines apply to all movements between PTO levels, including promotions between restaurant and non-restaurant roles, leadership levels, and positions with different PTO structures.

**EXAMPLE:** Jennifer is a Shift Leader that has been with the company for 2 years. She was granted 40 hours of PTO on January 1<sup>st</sup>. 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. 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 hours for the year.

**Demotions:** When an employee is moved into a position that is eligible for a different PTO level as a result of a demotion, the employee will become eligible for the PTO benefits associated with the new level in accordance with that level's eligibility requirements and limits.

If the new position is eligible for a maximum annual PTO allotment, the employee's available PTO for the calendar year will be capped at that maximum, less any PTO already used during the same calendar year.

To ensure fairness and consistency, any PTO previously used during the calendar year will be deducted from the employee's available PTO balance following the demotion. If the employee has already used PTO in excess of the maximum allotment available under the new PTO level, the employee will not have any remaining PTO available for the remainder of the calendar year.

PTO will be paid at the employee's prevailing rate of pay at the time the PTO is used, regardless of when the PTO was originally granted or earned.

These demotion guidelines apply to all movements between PTO levels, including transitions between leadership and non-leadership roles, restaurant and non-restaurant positions, and roles with differing PTO structures.

**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. The annual PTO maximum for a Shift Leader is 40 hours. Based on Ajay's 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 PTO at all levels:**

- 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. Managers should make every effort to approve/deny PTO requests within 1 week of receipt. In all cases, PTO should be approved prior to the PTO date. Please note: Documentation may be required to substantiate emergency situations.
- An employee will not be approved to take PTO if it causes 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.
- 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 31<sup>st</sup>) 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 transferred or given to another employee.
- Any employee with an available PTO balance must exhaust their PTO before requesting unpaid time off. This includes employees on an approved, unpaid leave of absence (FMLA, disability, worker's compensation, etc.) Please note: this provision excludes employees on approved military leave.
- 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 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.
- Due to seasonal peaks resulting in a high volume of business and/or staffing transitions, store managers (e.g. RGMs) and Above Store Leaders may not take PTO during the following dates (blackout periods) unless approved by their Vice President (VP) of Operations:
  - December 15 – December 28
- PTO **will not** be paid out upon separation. All unused PTO hours will be forfeited upon voluntary resignation, involuntary termination, or retirement.

Any 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.