

WAFFLE HOUSE, INC. & SUBSIDIARIES
PAID TIME OFF PROGRAM (PTO)

Effective June 1, 2020

1. **Eligibility.** The Company has adopted an earned paid time off (PTO) program for eligible non-exempt or hourly Associates who work in all Company and Subsidiary units, excluding those Associates working in Arizona and Maryland units. Associates working in Arizona and Maryland already receive state-mandated paid time off.

2. **Accrual and Payment of PTO.**

- As of June 1, 2020, and during each calendar year (CY) after December 31, 2020, Hourly Associates will accrue PTO at a rate of 1 hour of pay for every 30 hours worked up to a maximum accrual of 60 hours of pay for PTO purposes each calendar year (January 1 through December 31). The rate at which PTO will accrue will be at the rate of \$9.00 per hour. Those Associates with more than 10 years of continuous service will accrue PTO at the rate of \$13.50 per hour.
 - June 1, 2020 – December 31, 2020 will be a “stub” PTO year. The first quarterly payments of accrued PTO will occur in October 2020 and the second quarterly payments of accrued PTO will be paid in January 2021, all as further described below. The maximum of 60 hours accrued PTO will apply in this “stub” PTO year.
- Associates will be paid their accrued PTO quarterly based upon the accrual of PTO in the most recently ended CY Quarter except as noted below, up to the maximum annual accrual. Payment of accrued PTO will typically be made in April, July, October and January for PTO accrued in the most recently ended CY Quarter.
 - CY PTO Quarters are as follows:
 - Quarter 1: January 1 – March 31
 - Quarter 2: April 1 – June 30
 - Quarter 3: July 1 – September 30
 - Quarter 4: October 1 – December 31.
 - CY year PTO hours accrued will reset to 0 every January 1.
- An Associate must accrue a minimum of 7 hours of PTO in a Quarter in order to receive a PTO payment in the following Quarter. Any accrued PTO less than 7 hours in a Quarter will be added to the PTO accrual and will be paid to that Associate in the first Quarter thereafter in which that Associate has accumulated an accrual of more than 7 hours.
 - Any PTO accrued and unpaid on December 31 of each year will be paid out in January regardless of the 7-hour rule, except as noted below.
- Associates begin accruing PTO on the date that their employment begins at the rate set forth above, but they will not be paid any accrued PTO until after their 13th consecutive week of employment. Accrued PTO will be paid to these recently hired Associates in full, in one lump sum in the first quarterly payment following the end of their 13th week of employment.
- Accrued but unpaid PTO will not be paid to an Associate upon separation of employment for any

reason, whether that separation of employment is considered voluntary or involuntary.

- Previously accrued PTO will be maintained for Associates who do not record hours and, therefore receive no payment of wages, for 3 weeks. After 3 weeks with no recorded work hours, the Associate is typically considered to have been separated from the Company and any accrued but unpaid PTO will not be paid to the Associate nor will it be reinstated if that Associate is later rehired.
 - For the purposes of PTO, rehired Associates will be treated as new Associates. Accrued PTO will be paid to rehired Associates in full, in one lump sum in the first quarterly payment following the end of their 13th week of employment after rehire.
 - Associates on an approved Leave of Absence will retain their accrued but unpaid PTO, will begin accruing PTO again upon returning to work, and will be paid the balance of all their accrued PTO in the first quarterly payment after their return to work, provided the same exceeds the 7 hour accrual requirement described above.
- Associates will be able to track their accrued and paid PTO each CY to date each week on their Cash Receipt Statement (if they are paid in cash) or by accessing their personal Associate account that they create at mywafflehouse.com.

3. **Carryover.**

- Because every Associate will be paid accrued PTO throughout each Calendar Year up to the maximum accrual of 60 hours there is no carryover of accrued PTO from one CY to the next.

4. **Scheduling Vacations and Notice of Absences**

- The PTO Program does not change in any manner the policies and practices that Hourly Associates must follow regarding the scheduling of vacation, giving notice of absences or similar attendance related matters.

5. **PTO Modifications**

- The Company retains the right to modify, adjust, suspend or terminate the PTO Program at any time, for any reason, which may include the enactment of federal and/or state laws relating to or mandating paid time off for employees.

Associates with questions regarding this PTO Program should contact:

GROUP HEALTH

1-770-729-5720