

Paid Time Off Program
Effective Date: November 1, 2021

Five Star Senior Living Inc. (“Five Star”) recognizes the hard work and dedication of its team members and the importance of time away from work for vacation, due to illness or to enjoy other non-work related activities. This document describes Five Star’s comprehensive paid time off (“PTO”) program (the “PTO Program”) for eligible team members (“Team Members”) who work in its senior living communities (“Communities”), rehabilitation clinics (“Clinics”) or other non-home office field locations. This PTO Program does not apply to team members who work in or out of the Newton home office or to divisional or regional team members. This PTO Program does not apply to per diem (“PRN”) team members; however PRN team members may be eligible for paid sick leave in accordance with applicable state paid sick leave laws.

This document describes the PTO Program’s eligibility requirements, request and approval process and other parameters. To the extent that any provisions of this PTO Program conflict with or are less generous than applicable state law or regulation, including state specific paid sick leave laws, those state laws or regulations will apply and govern in addition to or in lieu of the language in this PTO Program.

Appendix A to this PTO Program sets forth additional details including eligibility requirements and accrual rates.

A. PTO Program Description.

The PTO Program is a comprehensive paid-leave program that combines traditional vacation, sick time and holidays into a single bank of available time off in order to provide more flexibility in team member use of PTO while also allowing Communities and Clinics to better schedule absences so as to provide appropriate coverage and reduce costs due to unexpected absences. PTO may be used for holidays, vacation, personal or family illness, doctor appointments, school, volunteerism, and other activities.

B. Eligibility.

Eligible Team Members include exempt (salaried) and non-exempt (hourly) Team Members who are regularly scheduled for and work the required hours per week, as set forth in Appendix A.

C. Accrual of PTO.

1. As set forth on Appendix A, Eligible Team Members are eligible to take a certain number of PTO hours annually and accrue a specific amount of PTO time each pay period based on their position and years of service.
2. Team Members begin accruing PTO upon date of hire. PTO is available for use as it is accrued.

3. If during employment a Team Member changes to PTO eligible status based on hours worked, the Team Member will be eligible to accrue PTO based on his or her new status effective on the date of the change in status.
 4. PTO accrues per two-week pay period, or on a bi-weekly basis. The date of accrual coincides with each pay period's end date. Unless otherwise required by applicable law, Team Members must be PTO-eligible on the date of accrual in order to accrue PTO for that pay period. In other words, Team Members must be actively employed and PTO eligible through the last day of the pay period in order to accrue PTO for that bi-weekly pay period.
 5. The amount of PTO accrued during each two-week pay period is based on the Team Member's job title and length of service as set forth on Appendix A. A Team Member's maximum PTO accrual (per pay period) is based on the number of hours worked not to exceed the Team Member's standard hours.
 - i. Example 1: If a Team Member with 36 standard hours works 40 hours in one week, the Team Member will accrue PTO based on 36 hours for that week.
 - ii. Example 2: If a Team Member with 36 standard hours works 32 hours in one week, the Team Member will accrue PTO based on 32 hours for that week.
 6. Accrual is capped at 1 times the Team Member's annual accrual allotment. Once the Team Member's PTO balance is equal to 1 times the annual accrual allotment, accrual will stop until the balance is reduced below 1 times the annual accrual allotment.
- D. PTO Rollover. Team Members may roll over accrued unused PTO, up to 1 times their annual accrual allotment, from one year to the next each December.
- E. Calculating PTO Rate: Exclusion of Differentials, Premiums and Bonuses.
1. Compensation for PTO used by non-exempt hourly Team Members is based upon the Team Member's straight-time hourly rate of pay, and excludes all differentials, premiums or bonuses. Additionally, PTO is not included as "time worked" for purposes of calculating overtime.
 2. If a Team Member has worked his/her regularly scheduled hours over the course of a normal work week and thereafter requests a day of PTO during that same work week, such time will not be paid. For example, if a Team Member has worked his/her regularly scheduled 40 hours over the course of 5 days and then requests the 6th day off as PTO, the 6th day will not be paid.
 3. However, if a Team Member requests a PTO day prior to a scheduled workweek, takes that day off and then works an extra shift of shifts during the same workweek, the Team Member will be paid for the PTO day as well as any additional hours worked. For example, if a Team Member normally works 40 hours per week,

schedules and takes a PTO day on Monday, works Tuesday through Friday and then is called in and scheduled to work and works for 8 hours on Saturday, the Team Member will be paid for the PTO day in addition to 40 hours of regular time at the straight time hourly rate of pay.

F. The Use of PTO in Conjunction with Unscheduled Absences and Leaves of Absence.

1. If a Team Member has PTO and has an unscheduled absence, the Team Member must use PTO to cover that absence, and PTO time will automatically be deducted from the Team Member's PTO bank. PTO must be used by Team Members to receive compensation for all unscheduled absences. The use of PTO in this manner does not excuse the absence, and the Team Member may be subject to discipline and discharge in accordance with applicable attendance and/or disciplinary policies.
2. Team Members who are on an approved leave of absence must use PTO time during that leave of absence in accordance with the relevant policy and applicable law. Please refer to Five Star's Family and Medical Leave policy and other leave of absence policies for minimum usage and other guidelines. In such circumstances, PTO is not considered a substitute for leave and cannot be used to extend a leave beyond the applicable time limits. PTO will not continue to accrue while a Team Member is on a leave of absence, unless otherwise required by law or relevant policy.

G. PTO Advances. PTO Advances are not permitted under this policy. No PTO advances or creation of "negative balances" are permitted at any time. Managers should check PTO balances at the time of the Team Member's request, and if the Team Member does not have sufficient PTO, the request should be denied, absent special circumstances. If a Team Member calls in sick and does not have available PTO in their bank, he/she will be required to take the day unpaid.

H. Submission and Approval of PTO Requests. PTO is requested by submitting the request form to the Team Member's Department Manager and PTO must be available in the Team Member's bank order for PTO to be approved. Approval of PTO requests is within the sole discretion of the Department Manager and the community Executive Director or Clinic Rehab Director. Community and Clinic operations are a key consideration when reviewing PTO requests. The Community or Clinic may set prime time (summer and holiday season) PTO usage restrictions in order to ensure appropriate staffing and to allow for Team Members to enjoy time with family and friends.

I. Low Census. If management determines that due to low census (or other business reasons) a Team Member will be sent home for all or part of his/her scheduled shift, in addition to receiving any required reporting time pay as dictated by applicable state

law, the Team Member may elect to use PTO to cover any remaining time of that shift or may, with approval, take the time unpaid, as long as the Team Member does not drop below the hours/week benefit eligibility for that week. In other words, in limited circumstances, a Team Member who has been sent home or who has had a shift cancelled may elect to take all or part of that shift unpaid as long as it does not result in dropping them below benefit eligibility.

J. Separation of Employment.

1. All Team Members who resign their position are requested to give appropriate notice as well as commit to working through the notice period (two (2) weeks for non-supervisory front line staff, three (3) weeks for licensed staff, and four (4) weeks for supervisors and/or management). Team Members should not give notice when PTO has already been requested and approved during the period covered by the notice. In such circumstances, the Team Member's supervisor and Executive Director may elect to waive the requested notice period and separate the Team Member as of the date notice is provided.
2. Upon separation of employment, Team Members will be paid for their accrued, unused PTO time, up to a maximum of forty (40) hours, unless otherwise required by applicable state law.
3. If a Team Member is separated due to job abandonment or a "no call no show," he/she is not eligible for payout of any PTO upon separation of employment, unless otherwise required by applicable state law.
4. If a Team Member transfers to PTO ineligible status during employment, he/she will be paid up to 40 hours of unused accrued PTO as of the date of transfer to PTO ineligible status, unless otherwise required by applicable state law.