



**Policy Number:** 304

**Subject:** Paid Time Off

**Issuance Date:** July 1, 2016

**Revised Date:** May 5, 2025

## Purpose

The Company\* encourages a healthy work/life balance for associates and recognizes the need for occasional time away from work. Paid Time Off (PTO) refers to a category of hours that can be used at the discretion of the associate for a variety of reasons, such as travel, personal matters, illness or injury for self or a family member, inclement weather, religious observance, etc. Neighborly's PTO program consolidates all available hours into one category, giving associates the flexibility to use them at their discretion with minimal restriction on use.

Eligible associates must follow the Company policy for requesting PTO as provided below.

## Eligibility Requirements

Eligible associates include regular full-time and regular part-time associates. Temporary, Casual, Interns, and Seasonal associates are not eligible for paid time off.

1. Full-time status is defined as those working on average 30 hours or more per week.
2. Part-time status is defined as those working on average less than 30 hours per week.

## Key Terms

- **PTO hours** reflect the maximum number of hours accrued in a year based on 100% Full Time Equivalency (FTE).
- The **accrual rate** is calculated using Full Time Equivalent (FTE) status.
- **Full Time Equivalent (FTE)** is the ratio of standard hours to a 40-hour workweek (or 80-hour per pay period). A 40-hour work schedule equals 100% FTE. FTE can be found on the associate profile in Workday.
- **Standard hours** are the hours consistently worked in a week. For non-exempt associates, FTE will be determined by an average of actual hours worked over an annual lookback period.
- **Bank max hours** reflect PTO cap. Hours will roll over from year to year and once max is reached, PTO will stop accruing until bank is below the max to encourage associates to use PTO throughout the year.

## PTO Accrual & Amount

- PTO accrues on the last day of each pay period and will be available for use in the following pay period. The amount of time accrued is based on FTE status (in Workday), and applicable time off plan and years of service to the Company (refer to Appendix A).

\*Dwyer Franchising LLC, d/b/a Neighborly; Glass Operating LLC, d/b/a Portland Glass; Neighborly Local Operations LLC, and their affiliated companies (collectively, the "Company" or "Neighborly")

- Associates entering a new tier as determined by years of service, or transitioning into a role under different accrual plan, will see their new accrual rate update at the beginning of the pay period containing the anniversary or transition date.

### Formula

To calculate accrual per pay period: Multiply FTE by the accrual rate per pay period listed in applicable PTO plan in Appendix A.

- **Example 1:** An associate that consistently works 40 hours per week will accrue the full accrual per pay period (FTE = 40/40 or 100%).
- **Example 2:** An associate that consistently works 20 hours per week will accrue 50% of the accrual per pay period (FTE = 20/40 or 50%).
- **Example 3:** An associate that consistently works 16 hours per week will accrue 40% of the accrual per pay period (FTE = 16/40 or 40%).

The chart below defines Company time off plans with brief description.

Time Off Plan Types	Description
<b>Neighborhood Corporate</b>	Includes associates in: <ul style="list-style-type: none"> <li>• Corporate departments that support franchise owners</li> <li>• Shared services departments that provide enterprise-wide support</li> </ul>
<b>Local Operations</b>	Includes associates that support the day-to-day operations of: <ul style="list-style-type: none"> <li>• Corporately owned locations (Portland Glass, MRR Plumbing locations, Lawn Pride, Mosquito Joe)</li> <li>• Manufacturing plants</li> <li>• Brand specific call centers</li> </ul>
<b>Director &amp; Above</b>	Based on management level (not with job title). Includes associates that: <ul style="list-style-type: none"> <li>• Typically manage a broad team including both direct &amp; indirect reports; and</li> <li>• Are eligible for the Management Equity plan (MEP).</li> </ul>

**\*\*See Appendix A at the end of the policy for accrual amounts for each time off plan.\*\***

### \* Neighborhood Local Operations – Plumbing ONLY

In accordance with state law, associates in any Local Operations plumbing location will have a “sick” bank. Sick hours begin accruing from hire date and are eligible for use upon accrual. Unused sick time is **not** paid out upon exiting the company.

Annual Sick (hours)	Accrual Rate	Bank Max (Hours)
Up to 48	1 hour for every 30 hours worked	48

## **New Hires**

Eligible associates have a waiting period of 60 days from date of hire and hours become available for use in the pay period following the waiting period. Any time off prior to 60 days must be made up within the work week or will be unpaid. The Company adjusts (prorates) the amount of PTO according to the hire date. For this reason, PTO amounts accrued in the first year may not reach the full annual amount.

Plans that include paid "sick" leave per state law do not have a waiting period for sick hours and sick hours are eligible for use upon accrual.

## **Rehires**

### ***Service Break Up to Twelve (12) Months***

If an associate is rehired after a break of no more than twelve (12) months:

- Seniority will be bridged, and the associate will be placed in the tier associated with their bridged years of service.
- Unused PTO hours that were forfeited at termination will be reinstated (only if unused hours were not paid out at separation due to state law).
- An associate with a negative balance upon separation will have the negative balance restored upon rehire.
- The 60-day waiting period for PTO use is waived.

Rehires that were paid for unused, available PTO upon separation (based on state law) will have a starting balance of zero (0) hours but will not have a 60-day wait period to use available PTO hours.

### ***Service Break Over Twelve (12) Months***

- If an associate is rehired with a break in service of more than twelve (12) months, the associate will follow the new hire process.

## **Unpaid Time Off**

Associates must use all available time off before requesting unpaid time. Unpaid time off is entered in the timekeeping system after all available PTO and sick time has been exhausted.

## **Scheduled Absences**

Available paid time off must be applied to scheduled absences. Associates submit PTO requests in the timekeeping system.

## **Unscheduled Absences**

Available paid time off must be applied to unscheduled absences. Associates or manager must enter PTO and/or sick time (if applicable) in the timekeeping system. If PTO has been exhausted, the days will remain unpaid.

Unscheduled absences will be tracked in accordance with Policy 303 Attendance & Punctuality.

- Unscheduled absences accrue points and are subject to corrective action, even when PTO is applied.
- Absences exceeding three (3) or more consecutive days for planned treatment, injury or accident must provide a work release from their health care provider before returning to work. The written medical statement must include dates of absence, an approved return to work date, and list any work restrictions, if applicable.
- Absences exceeding five (5) or more days may be transferred to the Leave of Absence process.

## PTO & Leaves of Absence

During a medical leave of absence, associates must use available PTO to cover the five-day waiting period for short term disability. If an associate is receiving compensation through short term disability, long term disability, or workers compensation, the associate is not eligible to use PTO as a supplement while receiving these paid benefits. PTO does not accrue during leaves of absence, as there are no regular hours worked during this time. PTO will continue to accrue during approved intermittent leaves of absence.

## Restrictions

1. Time off requests must be approved by the Associate's manager. Approvals are subject to business needs.
2. Time off requests are typically given priority by the date submitted. Managers may consider additional factors when approving requests.
3. Unpaid time off, both scheduled and unscheduled, cannot be entered unless paid time off has been exhausted.
4. Time off requests should be submitted 2 weeks prior to the request date. If 2 weeks is not feasible, associates should consult with their manager for approval as soon as possible.
5. Associates may borrow up to 40 hours of future accrual hours. Accruals will continue to replenish any negative balance. Negative balances will roll into a new plan year until the accrual has restored a positive balance. **NOTE: The ability to borrow from future accruals is intended to assist with the transition to the accrual plan. It is NOT intended for time off usage to exceed the annual accrual hours based on time off plan and tier – see “Appendix A” below for more details.**
6. PTO may be taken in one (1) hour increments for hourly (non-exempt) associates and four (4) hour increments for salary (exempt) associates.
7. PTO is paid at the straight time rate and paid time off taken will not count as time worked when calculating overtime for the week in which PTO is used.
8. Observed Company holidays and unscheduled days (such as weekends or regularly scheduled days off) that fall within a scheduled time off request will not be counted as PTO.
9. PTO may not combine with hours worked to exceed 40 hours in a week.
10. Upon separation from employment, for any reason, any unused PTO remaining at time of separation **will not be paid out**, except as required by state law or in the case of death. Associates that separate within 60 days of hire will not be paid out PTO as the hours are not yet available for use until after 60 days from hire.

11. PTO or sick time may not be used to cover any portion of a resignation notice period, unless pre-approved by leadership.
12. An associate's termination date is their last day of work. PTO may not be applied after an associate's last day of work.
13. Pre-approved PTO submitted at least one (1) month prior to resignation will be honored provided associate can still satisfy the two (2) week notice period – (4 week notice for Director and above roles). PTO requests submitted and approved within one (1) month of resignation will be forfeited.
14. PTO may not be applied beyond associate's termination date.

### **Enforcement**

Any associate who fails to adhere to this policy may be subject to disciplinary action up to and including termination of employment.

This policy is subject to all state and federal laws.

**The Company reserves the right to modify this policy at any time without notice.**

**To view PTO plan name:**

Appendix A outlines the details for each time off plan. Time off plan will appear when requesting time off in Workday.

1. Log into Workday
2. Under **Menu**, navigate to the **Absence** app.
3. Choose **Request Absence**.
4. Plan name will appear under the **Balances** section.

**Appendix A**

Accrual Rate, Annual Accrual and Bank Max outlined in the chart are based on a 100% full-time equivalent (FTE). To determine your per pay accrual, multiply your FTE (found in associate profile in Workday) by the accrual rate below.

Plan Name	Years of Service	Accrual Rate* (per Pay Period)	Annual Accrual (Hours)	Bank Max (Hours)
<b>Neighborhood Corporate Plan</b>	< 5 years	4.62	120	180
	5 to 10 years	6.15	160	240
	10+ years	7.69	200	300
<b>Director &amp; Above</b> (excludes Local Ops MRR Plumbing)	< 5 years	6.15	160	240
	5+ years	7.69	200	300
<b>Local Ops – Plan A</b>	< 3 years	3.69	96	144
	3 to 5 years	4.62	120	180
	5+ years	6.15	160	240
<b>Local Ops – Plan B</b>	< 5 years	2.77	72	108
	5 to 10 years	3.69	96	144
	10+ years	5.23	136	204
<b>Local Ops – Plan C</b>	< 1 years	2.77	72	108
	1 to 2 years	3.08	80	120
	2+ years	3.69	96	144
<b>Local Ops – Plan D*</b> *(Plan also includes separate "Sick" bank)	< 1 year	0.92	24	36
	1 to 2 years	1.54	40	60
	2 to 5 years	2.46	64	96
	5+ years	2.77	72	108
<b>Director &amp; Above</b> (Local Ops MRR Plumbing only)	< 3 years	3.08	80	120
	3 to 5 years	3.69	96	144
	5 to 10 years	4.62	120	180
	10+ years	6.15	160	240