

PAID TIME OFF (PTO) PROGRAM

I. PURPOSE

To set forth a policy at Citizens Energy Group (Citizens) that allows full-time, non bargaining employees the opportunity to take time away from work without loss of pay.

II. SCOPE

This policy applies to all full-time non-bargaining employees. Bargaining unit employees' time off is handled in accordance to the applicable labor agreement.

III. DEFINITIONS

Department Heads and Above – Those employees who are at a Director level and above up to and including the CEO.

Exempt employees – Those employees whose positions are not subject to certain wage and hour laws such as the requirement for overtime pay and who are paid on a sufficient salary basis and perform qualifying duties consistent with the Fair Labor Standards Act (FLSA).

Non-exempt employees – Those employees who are not Exempt employees and who are thus paid on an hourly basis, subject to wage and hour laws including the requirement for payment of overtime under qualifying circumstances.

IV. POLICY

Citizens believes it is important for employees to be able to take time off of work to rest, relax and take care of personal business. Because of this, Citizens gives its employees a Paid Time Off (PTO) bank to be used for reasons such as vacation, personal or family illness, religious or ethnic holidays, and other personal or family matters

V. PROCEDURE

1. This policy will be administered on the calendar year.
2. The PTO bank hours will be established in accordance with the following schedule:
 - New employees' hours will be prorated by 12ths according to date of service.
 - * Exempt employees will receive 144 hours maximum
 - * Non-exempt employees will receive 104 hours maximum

			<u>Maximum With Roll Over</u>
Employees with 1-4 years	>	144 hours	168 hours
Employees with 5-9 years	>	184 hours	224 hours
Employees with 10-14 years	>	224 hours	264 hours
Employees with 15+ years	>	240 hours	280 hours

3. The maximum allowable hours in a PTO bank is 280 hours (allows for 40 hours carry over from previous year). Those employees grandfathered at over 240 hours will continue at the same PTO bank hours.
4. If you are an Exempt employee, you must take PTO in 8 hour increments.

5. Employees must take off a minimum of 120 hours each plan year. New employees who received a prorated bank of hours that is less than 120 hours must take off the entire amount before the end of the plan year. Employees who have a bank of 120 or more hours and do not take off a minimum of 120 hours in the plan year will lose the hours not taken.
6. Employees may **only** sell up to **80 hours** of their PTO bank. Employees may sell up to **40 hours** between **July 1 and October 1**. From October 1 through the last payroll paid of the PTO bank year, any hours remaining of the 80 hours allotment can be sold. The maximum hours sold cannot exceed **80 hours**.

NOTE: At least 120 hours must be taken off by an employee but do not have to be taken off before an employee can sell hours.

NOTE: Department Heads and above are not eligible for selling of PTO bank hours.

7. Employees may only roll over up to 40 hours into the next plan year.

NOTE: Department Heads and above are not eligible for rollover of PTO bank hours.

8. The first 40 hours of extended illness, leading into short-term disability, must be PTO bank hours (if available) for all non-bargaining employees. All individual occurrences of sickness must be taken out of the PTO time bank. If an employee becomes sick while using PTO time, and the illness continues longer than 5 days, the employee needs to provide appropriate notification to Human Resources so the short-term disability process can begin. Short-term disability payments commence on the 8th calendar day of disability. See Policy Release #1021, Short Term Disability Plan for hourly Bargaining and salaried Non-Exempt.
9. All rules that pertain to the Family and Medical Leave Act do not change. Under the PTO policy, employees with approved Family Medical Leave shall exhaust all but 40 hours of vacation or PTO hours before unpaid Family Medical Leave commences. See Policy Release #1025, Family and Medical Leave of Absence.
10. Employees who leave Citizens during the plan year will have their bank hours pro-rated by 12^{ths} according to the date their service ends, except for those who retire. Any PTO due to the employee will be paid with final pay.
11. Employees who retire, defined as age 55 with 85 or more points, during the PTO plan year will be paid for any remaining PTO hours left from the original bank allotment. Only hours totaling up to 240 will be used in calculating the employee's pension.
NOTE: Directors and above are not eligible for this retirement provision.
12. Employees who receive severance benefits as a result of the elimination of their job (refer to Policy Release #1004) during the plan year, will be paid for any remaining PTO hours left from the original bank allotment.
13. PTO hours will be used for all of the employee's personal absences until the PTO bank hours run out. Personal absences after the PTO bank is depleted will be on a "no pay" basis, if approved by Supervisor.

NOTE: Employees are responsible for managing their PTO bank. It is important that each employee plan ahead for how they will use it. This means developing a plan for taking vacations, as well as doctor's appointments and personal business. It also means holding some time in "reserve" for the unexpected, such as emergencies and illnesses.

14. PTO bank hours must be scheduled on availability basis and approved by the employee's supervisor.
15. Employees will record PTO time as code "PTO" (scheduled), (unscheduled), or "PTO Sold" (sold). "Absence NP" is used if the PTO bank is depleted. Differentiation between scheduled and unscheduled allows supervision to continue monitoring attendance patterns.
16. The exclusions from the bank hours are:

Holidays

New Year's Day
Good Friday
Memorial Day
Juneteenth
Independence Day
Labor Day
Thanksgiving Day
Day after Thanksgiving
Christmas Day
Floating Holiday
Birthday Holiday

Other

Work-Related Injury
Work-Related Injury-Hospital
Family Medical Leave
Civic Duty
Family Bereavement

17. Human Resources will determine when the PTO bank of hours will begin and when will be the last pay period that PTO hours may be used or paid out for each year. The PTO Plan will follow the calendar year.

Primary Business Unit Owner: Director of Human Resources

Last Review Date: June 9, 2023

Next Review: 2026

Supersedes: Policy Release #1028, Effective April 13, 2023

Reference:

Short-Term Disability Policy – Policy Release #1021 and Policy Release #1022

Family & Medical Leave Policy – Policy Release #1025

Severance Policy Release – Policy Release #1004

Bereavement Policy – Policy Release #1035

"Citizens Energy Group at its option reserves the right to change, delete, suspend, or discontinue parts of the policy in its entirety, at any time without prior notice."