PAID TIME OFF POLICY

Purpose: In addition to the Holley's designated holidays, Paid Time Off (PTO) is a Company benefit that provides eligible team members the opportunity to receive pay for vacation time, personal time (*i.e.* to attend personal business appointments) and sick time (*i.e.* to care for oneself or a family member or to attend doctor's appointments). It is intended to wrap these occurrences together into one category (PTO) for ease of administration, rather than tracking and managing multiple pools of time off. This policy defines the accrual schedule and guidelines for earning and taking PTO based upon the team member's length of service with Holley.

Scope: This policy applies to all full-time hourly and salary, non-exempt and exempt team members, except as otherwise required by applicable law.

Responsibility: Management, Human Resources Department and Payroll Department

Policy: The PTO year is January through December. ***PTO MUST BE TAKEN DURING THE JANUARY – DECEMBER TIME PERIOD. A MAXIMUM OF 40 HOURS CAN BE ROLLED OR CARRIED OVER INTO SUBSEQUENT YEARS, EXCEPT AS OTHERWISE REQUIRED BY APPLICABLE LAW. (California employees should refer to the PTO policy specific to California)***

- **Accrual of PTO**

PTO is an earned benefit based on "length of service" with the Company. For the purposes of this policy, "length of service" will be determined by the team member's length of service with the Company as of their anniversary date each year. PTO accrual begins immediately upon employment and follows the schedule below:

PTO Accrual Schedule – Effective 01/01/2024

Completed Years of Service as of Anniversary Date	Days of PTO Accrual Per Year	Bi-Weekly Accrual Rate (in hours)	Number of Holidays	TOTAL Paid Days Off Per Year
0 - 4 years of service	16 days	4.93 hours/pay period	9	25
5 - 14 years of service	21 days	6.47 hours/pay period	9	30
15 + years of service	26 days	8.00 hours/pay period	9	35

Team members will **not** accrue PTO during periods of leaves of absence or layoff periods. When a team member returns from a leave of absence or layoff, PTO accrual will resume based on the PTO accrual schedule.

- **Usage of PTO**
  - PTO may be used in 2 hour increments as needed to cover the entire shift, except as otherwise required by applicable law.
  - 2-hour increments cannot be used to cover tardiness. Tardiness is addressed in the attendance policy and will result in attendance points or disciplinary action.

Occasionally, a plant-wide or departmental shutdown may be implemented in order to adjust for current production demands. If such a shutdown occurs, the effected team members will be required to apply any accrued PTO to those designated times or opt to receive no pay during the shutdown period.

- **Requesting PTO Time Off**

To request PTO, when possible team members should submit a written request for time off to their supervisor at least two weeks in advance. This advance notice will help ensure there are no scheduling conflicts that may affect efficient operation of the department. Requests for PTO will be reviewed and approved by the supervisor based on a number of factors, including but not limited to business needs, production schedules and staffing. When possible, PTO requests will be honored; however, if business schedules demand full production and several team members have requested the same PTO days (i.e. around a holiday), some PTO requests may be denied.

In case of illness, advance notice for PTO will **not** be required and approval will be determined by the manager based on production needs. In such situations, however, team members are required to notify their supervisor of the absence at least 30 minutes in advance of the start of their shift, except as otherwise required by applicable law. Depending on the production needs of the business, PTO time may be granted for short notice illness situations ***or*** may be counted as unpaid time, except as otherwise required by applicable law. In the event the time off is unpaid, it would affect a team member's attendance record, unless the absence is due to an approved FMLA leave. Excessive short notice call outs may be addressed by the Company, in its sole discretion, as a discipline, attendance or performance issue, except as otherwise required by applicable law. While each situation will be evaluated on its own merit, generally short notice call outs in excess of 5 in one calendar year would be considered excessive and not approved, except as otherwise required by applicable law.

- **How PTO Will Be Paid & Tracked**

PTO is a Company benefit and will not negatively impact a team member's attendance record.

PTO is paid at a team member's base pay rate (including shift differential) at the time he or she is utilizing the paid time off. PTO does not include overtime or any other special forms of compensation such as bonuses, or commissions.

In order for hourly and salary non-exempt team members to monitor their own utilization of PTO, PTO balances (accrued vs. taken) will be reported on each team member's paycheck stub or direct deposit voucher. Even though PTO will be systematically tracked via the ADP Payroll System, **it is each team member's responsibility to review the accuracy and reporting of PTO accruals and balances**. PTO for salaried exempt employees is tracked outside of the ADP system except as otherwise required by applicable law.

Unused PTO balances of up to 40 hours maximum, will roll over to the next calendar year, except as otherwise required by applicable law. However, unused PTO balances in excess of 40 hours do NOT rollover to the next calendar year, except as otherwise required by applicable law. Likewise, team members will NOT be paid out any unused PTO balance at the end of the calendar year, except as otherwise required by applicable law.

- **PTO Usage with Respect to Leaves of Absence**

Accrued PTO may be used at the start of any leave of absence (i.e. personal or dependent care FMLA events) and before any Short Term Disability (STD) benefits commence. STD benefits are outlined in a separate policy. PTO will not accrue while a team member is on a Leave of Absence.

- **PTO Calculation Upon Termination**

Upon termination, team members will be paid for unused PTO that has been earned, but not taken, through the last day worked. PTO that was taken, but not earned at the time of termination will be deducted from the team member's final paycheck, except as otherwise required by applicable law.

- **PTO Calculation Upon Rehire after Layoff or Resignation**

If a team member is rehired, and the break of service is less than 3 months, then he/she will be reinstated at the same PTO accrual rate he/she was earning at the time of termination. If the rehire date is more than 3 months, the PTO accrual rate will re-start according to the PTO Accrual Schedule.