PAID TIME OFF POLICY – CALIFORNIA

Purpose: In addition to the Company 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. For purposes of this Policy, "sick time" is defined to mean PTO requested for the diagnosis, care, or treatment of an existing health condition of, or the preventive care for, a Team Member or a Team Member's family member[1], or specified purposes for a Team Member who is a victim of domestic violence, sexual assault, or stalking[2]. 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.

Responsibility: Management Team, Human Resources Department and Payroll Department

Policy: The PTO year is January through December. ***PTO SHOULD BE TAKEN DURING THE JANUARY – DECEMBER TIME PERIOD. ROLLED OR CARRIED OVER PTO WILL BE "CAPPED" AT THE MAXIMUM AMOUNT THE TEAM MEMBER IS ELIGIBLE TO ACCRUE ON AN ANNUAL BASIS THE FOLLOWING YEAR (SEE PTO ACCRUAL SCHEDULES BELOW).***

- **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 Holley as of their anniversary date each year. Also for purposes of this policy, a day of PTO accrual is equivalent to 8 hours of PTO. 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

[1] "Family member" means a child (including step, adopted, foster, legal ward, or a child to whom the associate stands *in loco parentis*, and regardless of age or dependency status), a parent (including step, adoptive, foster, or legal guardians of the associate or their spouse or registered domestic partner, or someone who stood *in loco parentis* while the associate was a minor), a spouse, a registered domestic partner, a grandparent, a grandchild, a sibling, or designated person.

[2] Sick time is available under California law where an employee is a victim of domestic violence, sexual assault, or stalking and taking sick time to: appear in court to comply with a subpoena or other court order as a witness in any judicial proceeding; obtain relief such as a temporary restraining order, restraining order, or other injunctive relief to help ensure the health, safety, or welfare of the victim or their child; seek medical attention for injuries caused by crime or abuse; obtain services from a domestic violence shelter, program, rape crisis center, or victim services organization/agency as a result of the crime or abuse; obtain psychological counseling or mental health services related to an experience of crime or abuse; participate in safety planning and take other actions to increase safety from future crime or abuse, including temporary or permanent relocation.

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 must be used in 2 hour increments, or a shorter increment if required by law, as needed to cover the absence up to the entire shift.
- 2 hour increments, or a shorter increment if required by law, 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**

To request PTO for vacation or personal reasons, 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 for vacation or personal reasons 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 the case of PTO used for a sick or safe leave purpose, advance notice for PTO will **not** be required if the need for leave is unforeseeable and notice is provided as soon as practicable. Where the need to use PTO for sick or safe leave purposes is foreseeable, Team Members are required to provide reasonable advance notice to their supervisor of the absence (at least 30 minutes in advance of the start of their shift). In the event the Team Member takes time off that 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. While each situation will be evaluated on its own merit, generally short notice call outs in excess of 5 in one year would be considered excessive.

- **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 salary/hourly wage (including shift differential) at the time he or she is utilizing the PTO, but does not include overtime or any other special forms of compensation such as bonuses.

In order for 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 and to immediately notify Human Resources of any discrepancies**.

- **Unused PTO Balances at Calendar Year End**

Unused PTO balances will roll over to the next calendar year up to the maximum the Team Member is eligible to accrue in the next year (ex. A Team Member is eligible for and has accrued 128 hours and he/she has only taken 16 hours by December 31st. He/she will start the new year rolling over the 112 unused PTO hours from the previous year and can accrue up to 128 hours (the maximum or capped amount that he/she is eligible for). At this point a cap falls in place and when PTO time has been taken that brings the Team Member below the cap, the accrual will begin again but only up to the maximum amount allowed. **Team Members will NOT be paid out any unused PTO balance at the end of the calendar year, unless otherwise required by law.**

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

All accrued PTO may be used at the start of any leave of absence (i.e. personal or dependent care FMLA events) and to cover the elimination period 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, accrued PTO that has been earned, but not taken, through the last day worked.

- **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.