

PRINCIPLES OF CORPORATE GOVERNANCE

Adopted by the Board of Directors on July 16, 2021

The Board of Directors (the “Board”) of Holley Inc. (the “Company”) has adopted the corporate governance principles set forth below as a framework for the governance of the Company (the “Principles”). The Nominating and Governance Committee reviews the Principles annually and recommends changes to the Board of Directors as appropriate.

1. ROLE AND COMPOSITION OF THE BOARD OF DIRECTORS

Role of the Board

The Board, which is elected by the Company’s stockholders, oversees the management of the Company and its business. The Board selects the senior management team, which is responsible for operating the Company’s business, and monitors the performance of senior management. Consistent with the oversight function of the Board, the Board’s core responsibilities include:

- assessing the performance of the Chief Executive Officer (the “CEO”) and other senior management and setting their compensation;
- planning for CEO and senior management succession and overseeing senior management development;
- overseeing consumer and industry marketplace trends;
- reviewing the Company’s strategies and monitoring their implementation and results;
- overseeing the integrity of the Company’s financial statements and the Company’s financial reporting process;
- overseeing the Company’s processes for assessing and managing risk;
- overseeing legal and regulatory compliance;
- overseeing the Company’s environmental, social and governance (“ESG”) programs, policies and activities, monitor developments and emerging trends relating to ESG issues, including by receiving a report from the Nominating and Corporate Governance Committee on a periodic basis on such matters;
- engaging in succession planning for the Board and key leadership roles on the Board and its committees;
- nominating the Company’s director candidates and appointing committee members;
- shaping effective corporate governance; and
- providing advice and counsel to management regarding significant issues facing the Company and reviewing and approving significant corporate actions.

Size, Composition and Membership Criteria

The number of directors that constitutes the Board is fixed from time to time pursuant to the Company’s Certificate of Incorporation and Bylaws (as amended from time to time). A majority

of the Board is made up of independent directors. An “independent” director is a director who meets the New York Stock Exchange definition of independence, as determined by the Board. The Board makes an affirmative determination regarding the independence of each director annually, based upon the recommendation of the Nominating and Governance Committee.

The Nominating and Governance Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. In addition, the Nominating and Governance Committee engages in succession planning for the Board and key leadership roles on the Board and its committees. The Committee is also responsible for establishing and overseeing processes and procedures for the selection and nomination of directors.

The Nominating and Governance Committee periodically reviews, and recommends to the Board, the skills, experience, characteristics and other criteria for identifying and evaluating directors.

The Nominating and Governance Committee evaluates the composition of the Board annually to assess whether the skills, experience, characteristics and other criteria established by the Board are currently represented on the Board as a whole, and in individual directors, and to assess the criteria that may be needed in the future in light of the Company’s anticipated needs. The Board and the Nominating and Governance Committee also actively seek to achieve a diversity of occupational and personal backgrounds on the Board, including diversity with respect to demographics such as gender, race, ethnic and national background, geography, age and sexual orientation. As part of the search process for each new director, the Nominating and Governance Committee includes women and minorities in the pool of candidates (and instructs any search firm the Committee engages to do so), and interviews at least one woman and one minority candidate.

The Nominating and Governance Committee reviews the qualifications of director candidates and incumbent directors in light of the criteria approved by the Board and recommends the Company’s candidates to the Board for election by the Company’s stockholders at the annual meeting. The Committee also considers director candidates recommended by Company stockholders in accordance with the procedures set forth in the proxy statement.

Board Leadership

The Board annually reviews its leadership structure to evaluate whether the structure remains appropriate for the Company.

Currently, the roles of Chairman of the Board and CEO are separate and the Chairman is an independent director.

Change in Principal Occupation

When a director’s principal occupation or business association changes substantially during the director’s tenure on the Board, the director must submit an offer to resign for consideration by the Nominating and Governance Committee. The Committee recommends to the Board the action, if any, to be taken with respect to the offer to resign.

Service on Other Boards and Audit Committees

Ordinarily, directors may not serve on the boards of more than four public companies, including the Company's Board, unless approved by the Nominating and Corporate Governance Committee. Directors who are executive officers of public companies may not serve on the boards of more than two other public companies, including the Company's Board. Service on the boards of subsidiary companies with no publicly traded stock (or that issue only debt), non-profit organizations and private companies is not included in this calculation. Moreover, if a director sits on several mutual fund boards within the same fund family, it will count as one board for purposes of this calculation.

In addition, directors must obtain approval from the Chairman of the Board and the chairperson of the Nominating and Governance Committee in advance of accepting an invitation to serve on the board of another for-profit organization.

Members of the Audit Committee may not serve on the audit committees of more than two other public companies.

The limits provided for in this section are subject to such exceptions as the Nominating and Governance Committee may determine on a case-by-case basis.

Director Elections

The Board is divided into three classes, approximately equal in number, with staggered terms of three years each so that the term of one class expires at each annual meeting of stockholders. Thus, directors typically stand for reelection every three years.

2. FUNCTIONING OF THE BOARD

Agendas

The Chairman of the Board establishes the agenda for each Board meeting. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

Distribution and Review of Board Materials

Board materials related to agenda items are provided to directors via an appropriately secure method sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting.

Meetings

The Board holds regularly scheduled meetings throughout the year and holds additional meetings as necessary to carry out its responsibilities. Directors are expected to attend Board meetings and meetings of the Board committees on which they serve.

Executive Sessions

The independent directors meet in executive session without management present at every regular Board meeting. The Chairman of the Board presides at executive sessions.

Strategic Planning

The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

Confidentiality

Directors must protect and hold confidential all non-public information that comes to them, from whatever source, in their capacity as a director of the Company, unless disclosure is authorized or required by law. Proceedings and deliberations of the Board and its committees are confidential.

Attendance at Annual Meeting of Stockholders

Directors are expected to attend the annual meeting of stockholders absent unusual circumstances.

3. STRUCTURE AND FUNCTIONING OF COMMITTEES

Number, Structure and Independence of Committees

The Board has three standing committees: Audit; Nominating and Governance; and Compensation and Talent.

The Audit, Nominating and Governance and Compensation and Talent Committees consist solely of independent directors. In addition, directors who serve on the Audit Committee and the Compensation and Talent Committee must meet additional, heightened independence criteria applicable to directors serving on these committees under New York Stock Exchange listing standards.

The Board may also establish and maintain other committees from time to time as it deems necessary and appropriate.

Assignment of Committee Members

The Nominating and Governance Committee considers and makes recommendations to the Board regarding committee size, structure, composition and functioning. Committee members and chairpersons are recommended to the Board by the Nominating and Governance Committee and appointed by the full Board.

Responsibilities

Each standing committee operates under a written charter that sets forth the purposes and responsibilities of the committee as well as qualifications for committee membership. Each standing committee assesses the adequacy of its charter annually and recommends changes to the Board as appropriate. All committees report regularly to the full Board with respect to their activities.

Meetings and Agendas

The chairperson of each committee determines the frequency, length and agenda of the committee's meetings. Materials related to agenda items are provided to committee members sufficiently in advance of meetings to allow the members to review and prepare for discussion of the items at the meeting.

4. DIRECTOR ACCESS TO MANAGEMENT AND ADVISERS

At the invitation of the Board, members of senior management may attend Board meetings or portions of meetings for the purpose of presenting matters to the Board and participating in discussions. Directors also have full access to members of the Company's management, subject to reasonable efforts to avoid disruption to the Company's business and operations.

The Board has the authority to retain such outside counsel, experts and other advisers as it determines appropriate to assist it in the performance of its functions. Each of the Audit, Nominating and Governance and Compensation and Talent Committees has similar authority to retain outside advisers as it determines appropriate to assist it in the performance of its functions.

5. DIRECTOR COMPENSATION

The Compensation and Talent Committee annually reviews the compensation of directors. Director compensation is set by the Board based upon the recommendation of the Committee. Compensation consists of a combination of cash and equity. Management directors do not receive compensation for service on the Board.

6. STOCK OWNERSHIP REQUIREMENTS

In order to align the interests of directors and executive officers with the long-term interests of the Company's stockholders, the Board has adopted stock ownership requirements.

7. SUCCESSION PLANNING

The Compensation and Talent Committee is responsible for oversight of succession planning for certain senior management positions. At least annually, the Compensation and Talent Committee reviews with the Board succession planning and management development, including recommendations and evaluations of potential successors to fill the CEO and other senior management positions. The succession planning process includes consideration of both ordinary course succession, in the event of planned promotions and retirements, and planning for situations where the CEO or another member of senior management unexpectedly become unable to perform the duties of their positions.

8. FORMAL EVALUATION OF THE CEO

The Compensation and Talent Committee is responsible for setting annual and long-term performance goals and objectives for the CEO, evaluating the CEO's performance against those goals and objectives, and recommending the CEO's compensation to the independent directors for approval. Both the goals and objectives and the evaluation are submitted for consideration by the independent directors meeting in executive session. The results of the evaluation are shared with the CEO and used by the Compensation and Talent Committee in considering the CEO's compensation, which is approved by the independent directors meeting in executive session.

9. DIRECTOR ORIENTATION AND CONTINUING EDUCATION

The Company has an orientation process for Board members that is designed to familiarize new directors with various aspects of the Company's business, including the Company's strategy, operations, finances, risk management processes, compliance program and governance practices. The Board encourages directors to participate in education programs to assist them in performing their responsibilities as directors.

10. BOARD AND COMMITTEE PERFORMANCE EVALUATIONS

The Board conducts an annual self-evaluation to assess its performance. The Audit, Nominating and Governance and Compensation and Talent Committees conduct annual self-evaluations to assess their performance.

The Nominating and Governance Committee is responsible for developing, administering and overseeing processes for conducting evaluations.

11. STOCKHOLDER ENGAGEMENT

To enable the Company to speak with a single voice, as a general matter, senior management serves as the primary spokesperson for the Company and is responsible for communicating with various constituencies, including stockholders, on behalf of the Company. Directors may participate in discussions with stockholders and other constituencies on issues where Board-level involvement is appropriate. In addition, the Board oversees the Company's stockholder engagement efforts, with assistance from the Nominating and Governance Committee and the Compensation and Talent Committee, which oversees stockholder engagement on the subject of executive compensation.

12. POLITICAL CONTRIBUTIONS

The Board oversees the Company's policies and practices regarding political contributions and lobbying activities. Currently, it is the policy of the Company to refrain from making any political contributions to political parties, political associations, candidate committees, and other political organizations.

