

Holly Energy Partners, L.P.

**Common Unit Ownership and Retention Policy
for Certain Officers and Directors**

Approved October 23, 2019

- 1. Oversight.** The Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of Holly Logistic Services, L.L.C. (the “Company”), the general partner of the general partner of Holly Energy Partners, L.P. (the “Partnership”), will be responsible for monitoring this Common Unit Ownership and Retention Policy (this “Policy”) and compliance with this Policy by the Company’s officers and directors subject to this Policy. All decisions and interpretations regarding the Unit Ownership Policy will be made by the Committee in its discretion.

This Policy applies to (a) officers Level M5 and higher for whom a majority of their employee expenses are billed to a Partnership subsidiary and (b) all directors of the Company (other than a director who also serves as an officer of the Company).

- 2. Director Unit Ownership and Retention Policy.** Each director (other than a director who also serves as an officer of the Company) shall acquire and hold during his or her service as a member of the Board, common units of the Partnership (“Units”) equal in value to at least 3x the annual equity retainer.
- 3. Officer Unit Ownership and Retention Policy.** Each officer Level M5 and higher for whom a majority of his or her employee expenses are billed to a Partnership subsidiary shall acquire and hold during his or her employment Units equal in value to at least the following:

<u>Officer</u>	<u>Value of Units Owned</u>
Level E3	3x base salary
Level E2	2x base salary
Levels E1 and M5	1x base salary

- 4. Timing and Policy.** Directors and officers subject to this Policy should meet the target unit ownership requirements within five years after first becoming subject to this Policy. Until such time as the director or officer attains compliance with this Policy, he or she will be required to hold 25% of the Units received from any equity award (net of any units used or sold to pay tax withholding). Directors and officers subject to this Policy are expected to continuously own sufficient units to meet the requirements of this Policy once attained. In the event that a director or officer attains compliance with the then applicable target unit ownership requirements and subsequently falls below such target solely as a result of a decrease in the price of the Units, the director or officer will be deemed in compliance with this Policy provided such director or officer retains the units then held.
- 5. Confirmation of Compliance.** The Committee will assess compliance with this Policy as of the last day of each fiscal year.
- 6. Units Counted Toward Meeting Director and Officer Target Ownership Requirements.**

a. **Units that count toward meeting the unit ownership requirement:**

- i. Units owned (*e.g.*, unvested restricted units, unvested phantom units, units obtained upon option exercise, units purchased in the open market, vested restricted units, etc.);
- ii. Shared ownership (*e.g.*, units jointly owned by the director or officer and his or her spouse);
and
- iii. Units held in thrift/savings plan account(s) (*e.g.*, 401(k) plan account).

b. **Units that do not count toward meeting the unit ownership requirement:**

- i. Unexercised options; and
- ii. Unvested and/or unpaid performance units.