

EMPLOYEE HANDBOOK

KLABEN AUTOMOTIVE GROUP

Revised to December 1, 2023



WELCOME

Our family is proud of the many accomplishments of the Klaben Automotive Group since its founding in 1973, and we are especially proud of the people who make it a successful organization and a great place to work.

To current employees, your dedication and acceptance of responsibilities have enabled Klaben to continue to build on its fine record as a service-oriented and customer-driven establishment that continually provides the best value to our customers.

To those who are new to Klaben, we extend a warm Welcome! Whatever your department or your job description may be, your performance will contribute to the overall success of Klaben.

MISSION STATEMENT

The Klaben Automotive Group's mission is to be a premier automotive enterprise, driven by the customer, committed to excellence, and providing value to our customers, team members, partners and communities.

To achieve our mission, Klaben remains committed to a core set of values known as our **Guiding Principles** which appear on the following page.

We hope your employment with Klaben will be challenging, enjoyable and rewarding.

The Klaben Family



GUIDING PRINCIPLES

Customers are the foundation of our success. Our business is comprised of Sales and Service, each interdependent, and each dependent upon one indispensable element – Satisfied Customers. To achieve success, we must continually strive to create and maintain loyal customers and genuine advocates.

One Team of empowered and satisfied employees working together and leveraging our collective resources to operate a lean, profitable automotive enterprise committed to excellence via an atmosphere of trust and respect.

One Plan

- Integrity – Be straightforward and maintain uncompromised honesty and integrity.
- Accountability – Be dependable, responsible and accountable.
- Exceed Expectations -- Anticipate and exceed our Customers' expectations.
- COMMITMENT to EXCELLENCE – Passionately strive to be the best and make excellence a habit.
- Continuous Improvement -- Be innovative and remain proactive, never complacent.
- Consistency -- Execute consistently and with sustainability.

One Goal

Deliver the best value to our customers, team members, partners and communities.

HISTORY OF THE KLABEN AUTOMOTIVE GROUP

Albert O. Klaben, Sr., purchased his first dealership in Northeast Ohio in March, 1973. Chapel Hill Dodge, located at 1875 Brittain Road in Akron across from the Chapel Hill Mall, was opened by Chrysler Corporation as a new point in September, 1972, and operated by Chrysler until Mr. Klaben took over in March of the following year.

In June, 1980, Mr. Klaben moved the dealership operations to 1338 West Main Street in Kent. The Kent location provided cost efficiencies which ensured a stable and solid operation through even the most challenging times. The most important requirement for Mr. Klaben was the ability to offer all current employees a position at the Kent location. In addition, West Main Street, also known as the Kent Auto Strip, was the location for several other automotive franchise brands which afforded more long-term opportunities for the entire operation.

Over the next twenty-nine years, many changes were made to the Klaben Automotive Group as outlined below. These changes were the result of the Klaben Family's desire to manage growth and change for the long-term benefit of all the stakeholders -- owners, employees and customers. The Klaben Family believes that financial strength combined with a well-executed, solid business plan ultimately ensures ongoing success for the entire operation. Some of the major Klaben changes over the years include the following:

1981 -- The Ford franchise at 1085 West Main Street in Kent was acquired and opened as Klaben Ford, Inc.

1984 – Crown Ford was purchased in Warren with Sales located at 2532 Youngstown Road.

1985 – The Chrysler franchise was purchased and opened at 1106 W. Main Street across the street from Klaben Ford creating a multi-brand location offering a broader array of choices for Klaben customers.

1988 -- Furthering their strong commitment to customer satisfaction, the Klaben Family opened Customer Service Satisfaction, Inc. (CSSI). Still an important asset today, CSSI is responsible for the follow-up and surveying of Klaben sales, service and body shop customers. The feedback provided has been the foundation for ongoing process review and revision throughout the years and a testament to the Klaben Family's commitment to satisfied and loyal customers. The same year, Klaben Auto Stores entered the GM brand market when it purchased a Buick GMC franchise and opened the store at 2100 E. Main Street (now home of the Klaben Body Shop).

1991 -- A Cadillac Olds franchise was purchased and opened in Canton expanding GM brand offerings by Klaben Auto Stores and testing an expanded geographical market area.

1993 -- Auto Loan, Inc. opened to fill another customer need and to augment customer loyalty, one of the pillars of the Klaben Automotive Group's long-term success. Also, the Buick GMC Store was moved to 1106 W. Main Street in Kent creating a larger Klaben presence on the "Kent Car Strip."

1997 -- The Cadillac Olds franchise located in Canton was sold representing the first of two business decisions designed to allow Klaben Auto Stores to focus on Ford and Chrysler brands.

1999 -- As the second step exiting the GM brands market, the Buick GMC franchise was sold allowing Klaben Auto Stores to further concentrate on the Ford and Chrysler brands. In Youngstown, a Lincoln Mercury franchise was purchased, and Crown Ford Lincoln Mercury, Inc. sales and service activities were consolidated at the 2532 Youngstown Road location. The Crown Body Shop still occupies the former Crown Service Department at 2650 Youngstown Road.

2000 -- The Jeep franchise was purchased allowing Klaben Auto Stores, for the first time, to sell Chrysler Jeep and Dodge brands in Kent -- using two locations. The same year, Crown Ford Lincoln Mercury, Inc., expanded and renovated its Sales & Service facilities to better serve its customers.

2005 -- Chrysler, Jeep and Dodge sales activities were consolidated at 1106 West Main Street in Kent to allow more convenient shopping and brand comparison for Klaben customers. Service and Parts for all three Chrysler brands were consolidated at the former Dodge location at 1338 W. Main Street.

2009 -- Klaben Ford, Inc. became Klaben Ford Lincoln Mercury, Inc. upon the acquisition of Kent Lincoln Mercury, Inc.

2010 -- With the retirement of the Mercury brand by Ford, Klaben Ford Lincoln Mercury, Inc., became Klaben Ford Lincoln, Inc.

2010 -- Crown Ford Lincoln in Warren was renamed Klaben Ford Lincoln of Warren, Inc., to take full advantage of the good will and heritage of the Klaben name.

2010 – Quick Lane Tire & Auto Center was opened in the former Kent Lincoln Mercury building as a department of Klaben Ford Lincoln, Inc.
2012 -- The former Huntington Bank property east of the Klaben Ford Lincoln Service Department was acquired.

The Klaben Automotive Group began with one location in Northeast Ohio and has grown to encompass many automotive franchises at multiple locations. The Klaben Family remains focused on the automotive industry with the expansion beyond the dealerships including operations that support their core business, as evidenced by CSSI and Auto Loan.

Beyond the commitment of the Klaben Family, the long-term success of The Klaben Automotive Group is a result of a strong and loyal customer base combined with a solid, loyal and productive group of employees. Albert O. Klaben Sr. began in the automotive business with his attention, resources and efforts focused on creating satisfied, loyal customers and satisfied, loyal employees. His beliefs are faithfully carried on today by his sons, and his influence and imprint are still clearly apparent within the entire Klaben organization today.



Albert O. Klaben

Founder

Klaben Automotive Group

KLABEN AUTOMOTIVE GROUP, INC. EMPLOYEE HANDBOOK

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SECTION 1

INTRODUCTION TO HANDBOOK

Definitions

This Employee Handbook (hereinafter "Handbook") provides basic information about policies, programs and benefits of the Klaben Automotive Group (hereinafter "Klaben") and applies to employees of Klaben, its auto dealerships and supporting companies. For purposes of simplicity in this Handbook only, "Klaben" includes Klaben Ford Lincoln, Inc., Klaben Chrysler Jeep Dodge, Inc., Klaben Ford Lincoln of Warren, Inc., Auto Loan, Inc. and Customer Service Systems, Inc. "Management Team" includes all department managers and senior management.

Required Compliance

The Handbook contains many policies and procedures which Klaben considers necessary to conduct business smoothly, professionally and in compliance with all applicable laws. The Handbook is intended to inform each employee of his/her responsibilities as an employee and the programs developed for his/her benefit. It is the responsibility of each employee to read the Handbook, familiarize himself/herself with its contents and adhere to Klaben policies and procedures at all times. Employees who do not comply with the policies and procedures set forth in the Handbook are subject to Disciplinary Action or termination of employment. The policies described in the Handbook are intended to continue the Klaben tradition of positive employee relations by promoting and maintaining a pleasurable work environment and facilitating a rewarding and satisfactory experience at Klaben for all employees.

Additional Information Available

While the Handbook is designed to acquaint employees with Klaben by covering employee-related questions most frequently asked, it is not intended to cover all areas of Klaben policy, programs or benefits. Employees should not hesitate to ask his/her supervisor or Human Resources Department for more details.

About This Handbook

The Handbook is provided for employee information only. The policies, programs and benefits set forth in the Handbook should not be construed as an employment contract or guarantee of employment nor should they be construed as creating any rights, contractual or otherwise, to continued employment benefits or working conditions between any employee and Klaben.

Effective Date and Revisions

The policies, programs and benefits outlined in the Handbook are effective as of the date on the title page, and the Handbook supersedes all previous handbooks. To address changing conditions, Klaben reserves the right to review, modify, add and delete policies and procedures at any time, with or without notice and with sole and absolute discretion. Klaben will use reasonable effort to keep the Handbook current, or issue updated policies separately, but there may be times when policies or programs will change before an updated Handbook can be issued. Revisions will appear on the Klaben website which will contain the most current edition of the Handbook.

New Employee Orientation

Klaben wants to ensure that each employee gets the proper start on the job. To acquaint employees with Klaben policies and operations, the Human Resources Department schedules an orientation session upon initial employment during which Klaben policies, procedures and benefits are discussed. At that time each employee is informed that the Handbook is available at any time online at www.klaben.com by selecting the "Employee Login" option on the home page. An employee should ask the applicable supervisor for any needed assistance to access this information online. An Acknowledgment is signed by the employee stating that he/she was informed of the availability of the Handbook online and agreed to become familiar with its contents. Each employee should review the Handbook online carefully and direct all questions to the applicable supervisor or Human Resources Department. A printed copy of the Handbook is available for review by any employee by contacting his/her supervisor or the Human Resources Department.

SECTION 2

COMPLIANCE WITH EMPLOYMENT LAWS

General Statement of Klaben Policy

Klaben abides by all applicable federal, state and local laws, rules and regulations and requires all its employees to do the same. Each employee of Klaben is required to adhere to this Klaben standard. Supervisors will inform employees of the laws impacting specific jobs and will instruct employees regarding compliance requirements and procedures. Some regulated areas include but are not limited to the following:

- Consumer Protection
- IRS Cash Reporting and Money Laundering
- Vehicle Tampering (emissions and safety)
- Odometer Fraud
- Disclosure (FTC rules, credit and leasing practices, damage disclosure, etc.)
- Privacy Rules
- Safeguarding Rule
- Red Flags Rule
- Do Not Call / Can-Spam
- Forgery

Any violation or perceived violation of the law should be reported to a Klaben supervisor who will make every effort to investigate and address the issue promptly.

Equal Employment Opportunity Policy

Klaben is committed to equal employment opportunity and complies with all applicable equal opportunity laws. Klaben will not discriminate against employees or applicants for employment on any legally recognized basis including, but not limited to veteran status, race, color, religion, sex, sexual orientation, gender identity, marital status, military status, ancestry, national origin, physical or mental disability, age, pregnancy or genetic information.

You may discuss equal employment opportunity related questions or concerns with the Human Resources Department. All complaints of unequal treatment will be promptly investigated and corrective action taken when required.

Our Employment Relationship

Under the Employment “At Will” Policy at Klaben, each employee has the right to leave Klaben for any or no reason, with or without advance notice. Likewise, Klaben has the same right to terminate an employee’s employment with or without notice and for any reason that is not unlawful. No manager or other employee at Klaben has the authority to make a commitment of guaranteed or continued employment to any employee, and no Klaben publication, practice or procedure should be understood to make any such commitment. Any reference in the Handbook to Disciplinary Action, including the possibility of termination, does not change in any way the right of Klaben to terminate the employment of any employee. An employee’s at-will status cannot be changed except through a written agreement signed by an authorized Klaben officer.

The Americans with Disabilities Act

Klaben complies with the provisions of the Americans with Disabilities Act (ADA) and state disability law. In keeping with this policy, Klaben will not discriminate against any qualified disabled applicant or employee because of the individual’s mental or physical disability, perceived disability or record of disability.

In addition, Klaben will provide qualified applicants and employees, who have made Klaben aware of the disability and need for accommodation, with reasonable accommodations provided it does not impose an undue hardship on Klaben. Non-genetic information and/or documentation from an applicant’s/employee’s healthcare provider may be required to support an accommodation request.

Persons believing that they have not been afforded equal treatment in accordance with this policy or need to request an accommodation should contact the Human Resources Department. All complaints of unequal treatment will be fully investigated and corrective action taken where necessary.

Personal Conduct and Prohibition Against Harassment

Klaben is committed to providing a work environment in which all employees are treated with dignity and respect. As part of our Equal Employment Opportunity Policy, Klaben forbids sexual harassment and harassment on the basis of race, color, religion, sex, sexual orientation, gender identity, pregnancy, national origin, ancestry, age, disability, genetic information, veteran status, military status or any other characteristic protected by law.

This harassment policy applies to all applicants and employees and prohibits discriminatory harassment and retaliation whether engaged in by an employee,

including any supervisor or manager, owner/officer, or someone who does business with the Klaben (e.g., vendor, consultant, visitor or customer).

1. Sexual Harassment

While it is not easy to define precisely what harassment is, sexual harassment includes unwelcome conduct of a sexual nature or based on gender, sexual orientation or gender identity where:

- (a) Submission to such conduct is clearly stated or implied as being a term or condition of your employment;
- (b) Submission to, or rejection of, such conduct by an employee is used as the basis for an employment decision that affects the employee; or
- (c) The conduct unreasonably interferes with work performance; or
- (d) The conduct is so severe or pervasive that it creates an abusive or hostile working environment;
- (e) The conduct adversely affects employment opportunities.

Examples of sexually harassing conduct include pressure for sexual activities; repeated verbal abuse of a sexual nature, comments about an employee's sexual orientation or gender identity, circulating offensive materials (physically or through Klaben e-mail or other electronic systems); the display of sexually suggestive objects or pictures; or any other sexually offensive physical contact or gestures.

2. Other Discriminatory Harassment

Other discriminatory harassment includes intimidation, insults or ridicule that:

- (a) Is based on race, color, religion, pregnancy, national origin, ancestry, age, disability, genetic information, veteran status, military status or any other characteristic protected by law; and
- (b) Unreasonably interferes with work performance;
- (c) The conduct is so severe and pervasive that it creates an abusive or hostile work environment; or
- (d) Otherwise adversely affects employment opportunities.

Examples include repeated verbal abuse; circulating offensive material (physically or through Klaben e-mail or other electronic systems) that demeans or

exhibits hostility or dislike toward an individual or any groups of persons; or inappropriate jokes or slurs based on the characteristics listed in (a) above.

3. Retaliation

Employees shall be protected from retaliation for making a good-faith complaint or for assisting in an investigation concerning allegations of harassment. Retaliation includes: disciplining, reassigning, lowering a performance appraisal or threatening, intimidating an employee or taking other negative employment action because he/she complained about harassment or participated in an investigation concerning harassment.

4. Reporting of Discrimination, Harassment or Retaliation

An employee that feels he/she is a victim of harassment or retaliation should immediately report the matter to the department manager, the Human Resources Department or the Company President. If an employee is not satisfied with the response to a complaint or is uncomfortable directing a complaint as outlined above, the matter should be reported to one of the other persons named above. Early reporting and intervention are the most effective methods of resolving actual or perceived incidents of harassment. Klaben strongly urges employees to promptly submit complaints in writing, but complaints are not required to be in writing.

5. Investigation into Complaints of Discrimination, Harassment or Retaliation

Klaben treats every allegation of harassment or retaliation seriously. Allegations will be investigated in a timely and confidential manner. A confidential manner means within the bounds necessary to conduct an effective investigation, and that information will be divulged only on a need-to-know basis. Klaben also will promptly take all reasonable measures to investigate and stop any violation of this policy by non-employees.

Since there may be some confusion over what actually constitutes sexual or other discriminatory harassment, any conduct of this type that offends an employee or makes an employee feel uncomfortable in the work environment should be reported.

6. Remedial Action

Klaben will take appropriate remedial action whenever it determines that this policy has been violated. A violation of this policy may result in Disciplinary Action or termination of employment.

Cash Reporting and Money Laundering Policy

Compliance With Applicable Laws

It is the policy of Klaben to comply with all cash reporting laws and regulations and money laundering statutes.

Employee Responsibility

Every employee, whose position includes or may include the acceptance of payment from customers for products or services offered by Klaben, must comply with all IRS cash reporting regulations and follow all policies and procedures concerning cash reporting and money laundering set up by Klaben, including the following:

1. Attend all meetings concerning cash reporting education conducted by Klaben management. Attendance at these meetings is mandatory.
2. Refrain from discussing cash reporting laws with customers. All customer questions concerning this subject should be referred to the General Manager.
3. Never structure payments with a customer to avoid the cash reporting requirements. Understand that structuring transactions to avoid these requirements may constitute violation of federal law, which could result in a felony conviction.
4. Never take money from a customer that the employee knows, or has reason to believe, is derived from illegal activities. Knowingly taking money derived from illegal activities may violate federal money laundering statutes. The policy of Klaben is to never accept funds derived from illegal activities.

Violation of Policy Subject to Discipline

Violation of these cash reporting or money laundering policies and procedures will result in Disciplinary Action or discharge and may also result in other appropriate legal action.

SECTION 3

GENERAL EMPLOYMENT POLICIES

Employment Categories

Klaben complies with all federal, state and local laws relating to employment. The following terms are used to describe the classification of employees and their employment status. You will be notified of your status at the start of your employment. If you have any questions about your status please see the Human Resources Department.

Full-Time Employees

Full-time employees are regularly scheduled to work thirty plus (30+) hours per week. Regular full-time employees are eligible for benefits subject to the terms, conditions and limitations of each benefit plan.

Part-Time Employees

Part-time employees are regularly scheduled to work fewer than thirty (30) hours per week. Part-time employees are eligible for legally-mandated benefits such as Social Security benefits and workers' compensation insurance. Part-time employees are not eligible for most other benefit programs offered by Klaben. If a part-time employee becomes full-time, he/she shall be eligible for benefits on the date of full-time status, except that (1) the employee shall not be eligible for any benefits sooner than had the employee been full-time since his/her original date of hire and (2) accrual of credit toward paid time off shall not begin until the date of full-time status.

Temporary Employees

Temporary employees are hired for a limited period to temporarily supplement the work force. Temporary employees receive all legally mandated benefits such as Social Security benefits and workers' compensation insurance, however, are ineligible for other benefits.

Student Technician – From time to time Klaben hires student learners (also known as co-op students) through a local trade or vocational school. Student Learners are not eligible for benefits, except that the Student Learner may be eligible for health insurance if required by applicable law.

Exempt

“Exempt” employees are not entitled to overtime pay according to federal and state law. Exempt employees are generally paid on a salary basis. Employees such as technicians who are paid a flat hourly rate for work performed are not eligible for overtime pay; however, they will be paid at least minimum wage for all hours worked.

Non-exempt

“Non-exempt” employees are entitled to overtime pay according to federal and state law. Non-exempt (or overtime eligible) employees may be paid on a salary, hourly or commission basis.

Personnel Records

Confidential personnel files and records including medical information are maintained for each employee and are the property of Klaben and not the employee. Confidentiality of all personal and medical documents and information will be maintained in accordance with applicable legal requirements.

Information contained in an employee’s personnel file will not be released to external sources unless clear, written permission to release specific information is obtained from the employee or required by court order or subpoena. As required by law, Klaben fully cooperates with requests by law enforcement agencies for access to employee files. With the approval of the Human Resources Department, members of the management team who have an employment related “need to know” may inspect an employee’s personnel file.

Upon written request to the Human Resources Department, an employee or his/her representative(s) may obtain records regarding the employee’s own personal data (name and address), job title/occupation, pay rate, daily hours worked and wages received. Employees also may obtain copies of their own medical records. Otherwise, employees may not obtain copies of the documents in the file except for legitimate business reasons and with approval of the Klaben management team.

Employee health information is treated as confidential and maintained consistent with federal, state and local laws.

Employee Motor Vehicle Record

Introduction

It is the policy of Klaben to hire only those individuals with valid drivers’ licenses and acceptable driving records for positions that require employees to drive Klaben or customer vehicles. A motor vehicle record inquiry will be made by the Human Resources Department prior to hire by Klaben for such positions in accordance with the Fair Credit Reporting Act. It is the ongoing responsibility of

Klaben employees who drive to continue to maintain a valid drivers' license and an acceptable driving record.

Events Warranting Employment Modification, Suspension or Termination

If a job requires the operation of a vehicle belonging to Klaben or its customers, and (a) an employee loses legal driving privileges or (b) an employee's driving record negatively affects insurability as an employee of Klaben, the employee may be subject to termination. An employee's job record, tenure and cost to Klaben of offering modified duty may be determinative of whether employment is modified, suspended or terminated.

Duty to Report Suspension of License

If an employee is required to operate Klaben or customer vehicles, the employee must immediately report a revocation or suspension of the employee's drivers' license to his/her supervisor immediately. Such employees must also report Major Violations to his/her supervisor. "Major Violations" include charges for a DUI/DWI (alcohol or drugs), reckless operation, traffic violation resulting in death and speeding 25 mph or more over the speed limit.

The management team will advise the Human Resources Department of such violations, suspension or revocation, and appropriate measures will be taken. An employee who fails to report the suspension or revocation of his/her driver's license is subject to immediate termination. Klaben procures motor vehicle reports on a periodic basis and annually at the renewal of the Klaben insurance policy. A valid driver's license is an essential requirement for continued employment with Klaben for all employees who drive as part of their jobs.

References

All requests for references should be directed to the Human Resources Department. All references must be cleared by the Human Resources Department before being sent to any party requesting such reference.

Return of Property

A terminating employee is responsible for repayment of outstanding debts due Klaben and the return of all Klaben property and materials, including credit cards, keys, uniforms, tools, manuals, laptops, other electronic devices or written information issued to him/her or in his/her possession, including but not limited to customer names and/or lists, Klaben or factory program handouts and all dealership forms in his/her possession or control. All other Klaben property in the possession or control of an employee must be returned immediately upon termination of employment or at the request of Klaben prior to termination.

Rehire Policy

General Provisions

The management team has the option to rehire former employees. The rehire decision will take into consideration the previous work history with Klaben and the circumstances of the termination. If an employee seeks to be rehired, he/she will be essentially starting over as a new hire. The benefits waiting period will be in effect and the employee will have a new anniversary date (i.e. the date of his/her rehire). Previous length of service will not carry forward. The employee may continue his/her health insurance benefits from the previous employment pursuant to COBRA during the waiting period.

Waiver of Loss of Length of Service

There will be a waiver of length of service loss if the rehire is within 60 days of termination. The original hire date will then be utilized and length of service will continue to accrue from the prior hire date. Drug testing will be waived if the employee has had a test within the previous six (6) months of employment. The background check and motor vehicle record check requirements will not be waived. Paid-Time-Off will be prorated for the year of re-hire based upon the accrued length of service less the time between termination and rehire.

Introductory Period for New Employees

For every new employee, the first 60 days of employment is a trial period for both the employee and Klaben. During this time an employee will be able to learn about Klaben, the job and workplace surroundings.

During the first 60 days, job performance, attendance and attitude will be continually reviewed by the management team. After 60 days, Klaben will evaluate the employee's performance to see if continued employment is in the best interest of both parties. However, every employee remains an employee-at-will both during the introductory period and thereafter if employment is continued with Klaben.

Length of Service

For the purpose of establishing an employee's service record with Klaben, length of service will accumulate from the date last hired and began work.

Length of service may be broken by any of the following:

- Involuntary termination;

- Reduction-in-force (job elimination due to lack of work or reorganization);
- Voluntarily leaving the service of Klaben;
- Overstaying a leave of absence without the consent of Klaben and/or failure to return to work upon release by a health care provider; or
- Absence from work without notifying and receiving approval from Klaben;

SECTION 4

WORKPLACE STANDARDS AND EXPECTATIONS

Job Descriptions and Work Product Expectations

Each job at Klaben is defined by a written Job Description maintained by the Human Resources Department. Each employee is required to perform the duties and responsibilities set forth in the job description in a competent and careful manner in order to achieve consistently high customer satisfaction. Job descriptions are reviewed on a regular basis and updated as necessary. Reasonable care must be used at all times to ensure that work performed and products delivered are consistent with the safety, expectations and satisfaction of Klaben customers.

Hours of Work

Hours of work vary by department and by position. The management team will set his/her specific work schedule including meal periods.

Work schedules may be changed from time to time, as needed, to meet the needs of Klaben in its business of serving customers. The management team will advise the employee of any schedule changes.

Break Time for Nursing Mothers

An employee who is nursing a newborn child (up until the child's first birthday), may have unpaid breaks of a reasonable time period, as needed, in order to express milk. A private area will be provided for this purpose. For assistance, please contact the Human Resources Department.

Punctuality and Attendance

Reliability and Notifications Required

To maintain a productive work force, Klaben requires employees to be reliable in attendance and punctual in reporting for work. Poor attendance and excessive tardiness are disruptive. In an instance where being late to work cannot be avoided, or an employee must be away from work for part of the day or is unable to work as scheduled due to unexpected illnesses or other unavoidable reasons, the employee must notify his/her supervisor or other authorized management team member prior to his/her scheduled reporting time. If an employee needs to leave work for any reason, he/she must notify his/her supervisor or other authorized management team member before leaving the building or premises. Absences and tardiness will be documented by the employee's supervisor, and excessive absences or tardiness will result in Disciplinary Action or termination of employment.

When Absence Constitutes Resignation of Employment

Failure to attend work as scheduled or speak to, text message or e-mail with an employee's supervisor ("no-show/no-call") for two (2) consecutive days the employee is scheduled to work will be considered a voluntary resignation.

Severe Weather

Severe weather conditions can disrupt Klaben operations and interfere with work schedules as well as endanger employees' well-being. If extreme weather conditions require closing any Klaben facilities, a message will be left on the auto-attendant for employees to call in and check. If weather or traveling conditions delay or prevent an employee from reporting to work, he/she must notify his/her supervisor as soon as possible. If an employee is delayed or unable to report for work at all due to severe weather conditions, and the Klaben facility to which he/she is assigned is officially open, paid time off must be used.

Personal Appearance

Proper dress and good grooming contribute to the morale of all employees and affect the business image presented to Klaben customers and the community. Each employee is expected to maintain a high standard of grooming and to present a professional appearance consistent with the duties and responsibilities of the employee's position. Extremes of any style are not permissible, including tight fitting, revealing or ill-fitting clothing. Shoes must be worn at all times. Clothing and shoes should not present a hazard to the employee or co-workers. Each employee should check with his/her supervisor or the Human Resources Department for applicable dress guidelines for his/her department.

In addition to these standards, employees who may have interaction with customers must ensure that any visible tattoos are confined to the arms or legs and do not contain any political, profane, lewd or inappropriate content.

Piercings on the face and ear lobe stretching (sometimes known as “gauging”) are also not permitted for employees who may have interaction with customers.

Employees at certain locations are required to wear name badges. In addition, employees in certain departments are required to wear uniforms. Some positions require the purchase of a uniform while others utilize rental uniforms. All rental uniforms remain the property of Klaben and must be returned to the department supervisor before final pay is distributed. Each employee should check with his/her supervisor to determine the requirements applicable to his/her position.

Customer Relations

At Klaben, it is recognized that customer contact is an opportunity to positively influence customer perceptions of Klaben, customer satisfaction with Klaben and customer loyalty. Each employee is expected to always respond to customer concerns promptly, courteously and professionally. Courtesy via the telephone, email or text is just as important as courtesy in person.

Personal Information

Changes in personal information should be reported to the Human Resource Department as soon as possible. Examples of changes include, but are not limited to name, address, family or marital status, telephone numbers, insurance beneficiary, new dependents and emergency contacts.

Security

The physical security of customers’ property, Klaben property (facilities, equipment and vehicles) as well as the safety of Klaben employees is important. All Klaben property that can be secured with a lock (i.e. equipment, vehicles, doors, files, desks and gates), must be locked when not in use. At the end of each day, all locks must be secured.

Klaben vehicles and any customer vehicles on the premises for service or other business purposes must be locked. Lost keys must be reported to the applicable supervisor. Each employee should check with his/her supervisor regarding specific security procedures pertaining to his/her position. Every employee who parks a vehicle is responsible for locking the vehicle and securing the keys. Every manager at each Klaben location is responsible for securing the facility at the close of business each day.

Violence and Weapons

Klaben believes in maintaining a safe and healthy workplace in part by promoting open, friendly, and supportive working relationships among all employees. Violence or threats of violence have no place in our business. Violence is not an effective solution to any problem. Employees are strictly prohibited from bringing any weapons, including knives, firearms, pistols, rifles, stun guns, mace, ammunition or explosives to the worksite or office. This applies even if the employee has a concealed-carry permit except that such employee may have a covered firearm and/or ammunition in his/her personal vehicle so long as the vehicle is locked and the firearm and/or ammunition also securely locked in a separate compartment inside the vehicle.

Neither threats of violence, unwanted physical contact nor fighting will be tolerated. Furthermore, if an employee has a problem that is creating stress or otherwise causing personal agitation, he/she should discuss it with his/her supervisor. Employees are expected to immediately report to the management team any violation of this policy. Any employee found threatening another employee, fighting, and/or carrying weapons to the worksite will be subject to Disciplinary Action or termination.

Searches/Access

Klaben information systems (e.g., voicemail, e-mail and computers), furnishings (e.g., desks, lockers and filing cabinets) and vehicles are Klaben property. Klaben retains full use and control of the premises, including its information systems, furnishings and vehicles at all times. Klaben may search any Klaben property under your control. Klaben reserves the right to monitor and retrieve information from its information systems and may delete or remove company e-mails or other company information from company issued equipment or from personal cellphones or other electronic devices. Klaben is not responsible for the loss of or damage to personal property on its premises.

No Solicitation Rule

Solicitations, including items such as fundraisers, home-based businesses and betting pools (such as Super Bowl or NCAA tournament pools), can cause some employees to feel pressured to participate. Therefore, Klaben prohibits solicitations of any kind by employees while on working time. This prohibition applies if either the employee doing the soliciting or the employee being solicited is on working time. Also, employees may not use Klaben's computers or its electronic systems for non-work related solicitations.

Additionally, distribution or acceptance of any written material is prohibited while any employee is on working time. The in-person distribution or acceptance of written material also is prohibited in all working areas regardless of whether an employee is on working or non-working time. This entire rule includes distribution or acceptance of literature for all purposes including lotteries, raffles,

charitable or political organizations, labor organizations, fraternal organizations and the like. Violations of this policy will be subject to Disciplinary Action.

The solicitation or distribution of any written material by any person who is not an employee of Klaben is not permitted.

Visitors

Personal visitors are discouraged from coming to the workplace during work hours. Personal visitors may not be in the service shop or any areas that are for employees only unless they are accompanied by a Klaben employee with management team approval.

Tools and Equipment

Klaben will provide some specialized tools and equipment to its employees. All service and body technicians must furnish their own tool sets.

Each employee is responsible for the proper maintenance and handling of Klaben-owned computer equipment, tools and other equipment and is also responsible for maintaining an inventory record of personal tools for insurance purposes. The inventory should include a descriptive list of the tools and copies of receipts to establish the value of each tool.

Problem Solving

Every employee is encouraged to bring concerns or complaints about work-related situations to the attention of his/her supervisor or the Human Resources Department. Every effort will be made to resolve concerns fairly, equitably and promptly.

Bulletin Boards

Klaben maintains bulletin boards to post information of interest and importance to employees as well as notices required by law. Online bulletin boards are also used at the Employee section of www.klaben.com. Employees are expected to read the information on both types of bulletin boards regularly. No information may be posted or removed without prior permission from the Human Resources Department. Bulletin boards are for Klaben use only; personal notices may not be posted.

Parking

Free parking is provided to employees. Each employee should check with his/her supervisor for the location of the designated employee parking areas. Use of the employee parking area is at the employee's risk, and vehicles should

be kept locked at all times. Klaben assumes no liability for any damage to or theft of employee vehicles or personal property.

SECTION 5

EMPLOYEE DISCIPLINE

Introduction

There are reasonable rules of conduct which must be followed in any organization to help a group of people work together effectively. Klaben expects each employee to present himself/herself in a professional appearance and manner. If an employee is not considerate of others and does not observe reasonable work rules, the employee will be subject to Disciplinary Action or discharge.

Disciplinary Action Defined

As used in the Handbook, the term “Disciplinary Action” includes a (a) verbal reprimand, (b) counseling memorandum (c) written warning or (d) suspension without pay. Termination of employment by discharge may be imposed after one or more Disciplinary Actions are taken or, depending on the circumstances, may be imposed even if no Disciplinary Action has been taken. The specific form of Disciplinary Action selected by Klaben will depend on the severity or frequency of the offense. It is within the sole discretion of Klaben to select the appropriate Disciplinary Action to be taken or whether discharge is appropriate.

Availability of Disciplinary Action and Employment at Will

Notwithstanding the availability of the various Disciplinary Action options, Klaben reserves the right to discharge an employee at its discretion with or without notice consistent with its “employment-at-will” policy. The use of Disciplinary Action does not alter an employee’s at-will status.

Examples of Offenses Subject to Disciplinary Action or Discharge

It is impossible to list all violations of Klaben Standards of Conduct: however, the following list sets forth some examples of violations that will result in Disciplinary Action or termination:

1. Excessive absenteeism or tardiness.
2. Failure to substantially conform to the essential duties and responsibilities and/or other requirements of the employee's position.
3. Repeated failure to adhere to reasonable expectations of management regarding the quality or quantity of work produced.
4. Dishonesty, including falsification of Klaben-related documents, customer-related documents or misrepresentation of any fact.
5. Fighting, disorderly conduct, horseplay or other dangerous or disruptive behavior.
6. Possession of, consumption of or being under the influence of alcoholic beverages while on Klaben premises, driving a Klaben or customer vehicle or conducting Klaben business.
7. Possession, consumption or testing positive for drugs in violation of Klaben's Drug and Alcohol Policy.
8. Participating in any unauthorized altering of a time record.
9. Altering Klaben records or documents without Klaben authorization.
10. Sleeping or the appearance of sleeping during working time.
11. Failure to promptly report a workplace injury or accident involving any Klaben employees, clients, equipment or property.
12. Willful neglect of or failure to comply with safety practices, rules and policies.
13. Speeding or reckless driving while on Klaben business or on Klaben property.
14. Accumulation of violations in a motor vehicle driving history or a major violation resulting in an employee being uninsurable for Klaben driving purposes.
15. Providing false information or omitting information on any Klaben document regardless of when the falsification or omission is discovered.
16. Immoral, indecent or illegal conduct reflecting adversely on Klaben.

17. Use of profane, abusive or obscene language while on Klaben business or in front of customers or with other employees, management or visitors.
18. Stealing, misappropriating or intentionally damaging property belonging to Klaben, its customers or employees.
19. Unauthorized use of Klaben or its customer name, logo, funds, equipment vehicles or property.
20. Insubordination, including failure to comply with any work assignments or instructions given by a Klaben supervisor with the authority to do so.
21. Absence from work without notifying the appropriate Klaben supervisor/manager or absence without an excuse acceptable to Klaben, including unauthorized failure to return to work upon the expiration of an approved leave of absence.
22. Interference with the work performance of other employees; distracting other employees by unnecessary shouting or demonstrations.
23. Failure to cooperate with an internal investigation, including, but not limited, to investigation of violations of rules and regulations set forth in this Handbook.
24. Failure to maintain the confidentiality of trade secrets or other confidential information belonging to Klaben or its customers.
25. Providing false or misleading information in response to an investigation being conducted by Klaben.
26. Failure to comply with Klaben policies and procedures on the sale of vehicles, finance and other products, parts and accessories and service.
27. Violations of health and safety policies including infectious disease prevention protocols, horseplay and/or unsafe handling of hazardous materials.
28. Pulling or running credit reports without customer authorization.
29. Misuse of confidential information.
31. Conduct which violates the Equal Employment Opportunity or Harassment Policies of Klaben Auto Stores.
32. Using Klaben equipment or vehicles for personal use without management's authorization.

33. Failure to lock or otherwise secure customers' property or Klaben property (facilities, equipment and vehicles) consistent with Klaben policies or as specifically directed by the employee's supervisor.
34. Violation of any policy or procedure in this Handbook or otherwise published or issued by Klaben and not included among these examples.

SECTION 6

WORKPLACE SAFETY POLICIES

Introduction

Klaben has always placed a high priority on the health and safety of its employees and has worked hard to provide employees with safe, clean working conditions. To maintain a safe work environment, each employee must make a commitment to a safe work environment.

Safety Rules

Each employee is responsible for being careful and using Klaben equipment and facilities in a safe manner. Specifically, each employee is also expected to adhere to the following safety rules at all times:

1. An employee's focus and attention must be kept on the job at all times.
2. Illness or any condition that interferes with the proper conduct of the employee's job must be reported at once to the employee's supervisor.
3. Cleanliness is a must. Do not allow oil, grease, or other refuse to gather on the floor. Good housekeeping must be observed at all times.
4. All cuts, bruises or injuries of any nature (no matter how minor) must be reported and treated. Be sure to notify the supervisor.

5. Protective equipment must be worn by an employee when appropriate or when directed to do so and must continue to be worn as long as necessary.
6. Equipment should be checked daily and any unsafe conditions must be promptly reported to the employee's supervisor.
7. Care must be taken when using compressed air. The nozzle must not be pointed at any person nor is compressed air ever to be used to blow dust from clothing or hair.
8. Employees must learn the proper handling of chemicals, solvents inflammables or other dangerous materials. The applicable supervisor or Klaben Hazardous Communication Safety Data Sheets should be consulted about any questions or uncertainty.
9. All danger and warning signs must be observed.
10. All applicable safety devices and safety equipment or clothing must be worn/used as directed.
11. Before operating any machinery, employees must check to ensure all guards provided are in place and in proper condition.
12. Employees must not attempt to lift, push or pull objects that are too heavy: Help should be requested as necessary.
13. Aisles, exits, fire extinguishers, electrical power panels, valves or other areas of access to safety equipment must not be blocked.
14. Material must be stacked carefully so that it will not fall or collapse.
15. No electricity, gas, air or water is to be turned on by an employee unless authorized to do so and without first seeing that no one is in a position to be injured.
16. Seat belts must be worn at all times while operating Klaben or customer vehicles.
17. An employee must never distract other employees from their work, especially when they are operating machinery.
18. Employees must never climb or stand on any makeshift devices such as barrels, chairs or boxes. Only approved equipment should be used.
19. When a ladder is used, an employee must check to see that it is solid and sturdy with no cracks or splits. All straight ladders must have safety feet.

20. All machinery, tools and other items in need of repair must be reported to the applicable supervisor.
21. If an employee is in doubt as to any unsafe act or condition, he/she should consult his/her supervisor.
22. Audio entertainment headphones and/or ear buds may not be worn, unless specifically approved for training or other legitimate business purposes. The use of protective head gear recommended or required by management or law is not affected by this rule.
23. Employees are required to comply with all Klaben protocols for the prevention of infectious diseases, such as influenza or COVID-19.
24. USE COMMON SENSE! MOST PEOPLE WHO HAVE HAD AN ACCIDENT ADMIT THAT THEY WERE CARELESS.

Accidents and Injury

It is the obligation of each employee to obtain immediate help if he/she becomes ill or injured at work. If uncertain as to whether or not medical attention is needed, the employee should see his/her supervisor promptly. Similarly, if an employee becomes aware of an employee who has been injured, he/she should immediately notify the employee's supervisor. This will not only help the employee; it will help Klaben by providing the information necessary to ensure a safe workplace. Providing Klaben with that information is also a requirement for employment by Klaben.

Notification Requirement

If an employee suffers any injury on the job, no matter how slight, he/she is required to submit an "Employee Incident Report" to his/her supervisor immediately. Report forms are available from the applicable supervisor or Human Resource Department.

Vehicle Accidents and Company/Customer Vehicles

General Rules on Employee Use of Vehicles

The speed limit for vehicles on the premises is five (5) miles per hour and it is to be observed at all times. Only designated employees may drive Klaben or customer vehicles. Rides should never be given to others in Klaben or customer vehicles unless authorized to do so by the employee's supervisor. Klaben vehicles are not intended for personal use. By using a new vehicle for personal use, such as running out for lunch, an employee may inadvertently cause the

loss of a vehicle's status as being "new" thus depreciating the value of the vehicle.

Reports of Accidents

An employee is required to promptly report to his/her supervisor any accident involving a Klaben or customer vehicle whether on or off the premises and regardless of the amount of damage. In the case of an accident off the premises, a police report is required. The police should be called and then the employee's supervisor should be called. Also, names and addresses of witnesses, other drivers and all other pertinent information should be gathered in writing by the involved employee. Accident report forms are available from the Human Resource Department. This form, when properly filled out, will be used when reporting the accident for insurance purposes. The report must be completed as soon as possible and delivered to the employee's supervisor. Failure to promptly report any accident (occurring to Klaben property or a Klaben or customer vehicle) will result in immediate termination.

Employee Liability When Negligent

If, after consideration of all relevant information, Klaben determines that an employee was negligent or reckless in causing damage to any Klaben property or vehicle or to any customer vehicle, the employee may be subject to Disciplinary Action or discharge and may be held liable for all costs related to the property or vehicle(s) damaged, including the cost of necessary repairs. Such liability shall not exceed \$500 per incident and shall be deducted from the employee's payroll in a manner never resulting in the employee being paid less than the prevailing minimum wage.

Drug and Alcohol Testing After an Accident

Any employee involved in an accident while driving a Klaben or customer vehicle is subject to drug and alcohol testing as described in the Drug and Alcohol Policy in the Handbook.

Care of Customer Vehicles

Only authorized employees may operate customer-owned vehicles. When customers leave their vehicles with Klaben, Klaben is responsible for their care and treatment. They should be moved only for test driving, appraisal or repair. Eating or smoking in customer vehicles is strictly prohibited. If customer settings on any accessories need to be adjusted in order to perform authorized work, they should be returned to their original settings when the work is completed. Customer vehicles are not to be used for personal reasons.

Fire Prevention

All employees have a common interest in doing everything possible to prevent damage by fire to Klaben buildings and equipment. Each employee is required to observe all fire prevention rules.

Each employee should know the location and use of the nearest fire extinguisher. When a fire extinguisher has been used, its use must be reported at once to the supervisor. A used fire extinguisher must never be put back in place: An empty or partially empty extinguisher cannot put out a fire. It is also essential to keep all emergency exits unobstructed at all times.

SECTION 7

ENVIRONMENTAL PROTECTION POLICIES

Introduction

Klaben operates its business with due regard to protecting the environment and to complying with applicable environmental laws and regulations.

Employee Responsibility

Klaben operations involve the use, storage, transportation, recycling and/or disposal of materials such as motor oil and filters, transmission fluids, antifreeze, refrigerants, paints, thinners, batteries, cleaning products, lubricants, degreasing agents, tires and fuel. Consequently, Klaben operations are subject to many federal, state and local requirements that regulate the handling of these products and materials. Each employee is responsible for understanding and complying with all applicable environmental laws and regulations and for conducting business in a manner that protects the environment, co-workers and the general public.

Each supervisor will inform employees reporting to him/her of the laws impacting a specific job and will give instructions regarding compliance procedures. These areas of regulation include but are not limited to the following:

- Hazardous Materials Management
- Emissions Inspection and Tampering
- CFC Recycling
- Tank Management
- Waste Water Management

SECTION 8

HEALTH RELATED POLICIES

Smoking Policy

Klaben policy is to provide a smoke-free environment for its employees, customers and the general public. Smoking is prohibited by Klaben policy anywhere on Klaben premises including in Klaben or customer vehicles. Use of e-cigarettes and vaping in any manner is considered to be smoking for purposes of this policy and is also prohibited. This smoking ban is in effect at all times. Employees may smoke on scheduled breaks or during meal times as long as they do so beyond the limits of Klaben property.

Drug and Alcohol Policy

Introduction

Klaben is committed to providing a safe work environment and to promoting and protecting the health, safety and wellbeing of our employees. This commitment is jeopardized when any Klaben employee engages in the use, possession, sale, conveyance, distribution or manufacture of intoxicants or controlled substances or abuses prescription drugs or alcohol. Substance abuse is a significant public health problem which has a detrimental effect on the business community in terms of productivity, absenteeism, accidents, medical costs, theft and workers' compensation costs. Therefore, Klaben has established the following policy:

Violations Defined

1. It is a violation of Klaben policy for any employee to use, possess, sell, trade or offer for sale the drugs identified below in the "Drug Testing Procedures" of this policy or any illegal drug, on Klaben property or during work time; ; to sell, trade or offer for sale prescription drugs; or otherwise engage in the illegal use of controlled substances on Klaben property or during working time.
2. It is a violation of Klaben policy for any employee to use or be under the influence of the drugs identified below in "Drug Testing Procedures" or alcohol at anytime while on or using Klaben property, conducting Klaben business or otherwise representing Klaben.
3. It is a violation of Klaben policy for anyone to use prescription drugs illegally. However, nothing in this policy precludes the appropriate use of legally prescribed medications. Each employee is

responsible for notifying his/her supervisor if a prescribed medication will affect the employee's ability to safely perform any function of his/her job. Neither the name of the prescribed medication nor its purpose needs to be revealed to the supervisor. Rather, an employee must simply let his/her supervisor know that he/she is on a medication which may cause impairment in his/her job-performance. The supervisor will then refer the employee to the Human Resources Department for confidential handling of the situation.

4. It is a violation of Klaben policy for anyone to test positive for alcohol or the drugs identified below in "Drug Testing Procedures."

5. It is a violation of Klaben policy for anyone to refuse to submit to an alcohol/drug test where required by the Handbook.

Supervisory/Management Responsibility Training

It is the responsibility of Klaben supervisors to look for changes in performance or behavior that might indicate an employee is under the influence of alcohol or other drugs. Employees are encouraged to seek help and use available resources if they have a substance abuse problem before they violate this policy.

Responsibilities of Co-Workers

All employees share responsibility for maintaining a safe work environment and should encourage co-workers with known alcohol or drug addictions to seek help. If an employee appears to be impaired at work, employees should advise a supervisor or manager immediately. The safety of that employee and those around him/her is at risk if an employee does not report it.

Drug Testing

The purpose of Klaben drug and alcohol testing and the specific testing protocols listed below is to prevent the hiring of individuals who illegally use drugs, deter employees from abusing drugs or alcohol and ensure the safety and health of all employees. Klaben is committed to promoting and maintaining a drug free working environment for all employees and to promoting and protecting their safety, health and well-being.

Klaben reserves the right to test including under the following circumstances:

1. Pre-Employment Testing I – All job applicants who are conditionally offered a position will undergo testing for the presence of as a condition of employment.

2. Pre-Employment Testing II – Former employees, who voluntarily terminated their employment for a period of 60 days or less and desire to be re-hired, will be waived from the drug testing requirement if they have had a test within the previous six (6) months. If they have not undergone a test, they must undergo and pass a test before re-hire.
3. Post-Accident/Incident Testing – Employees will be tested for drugs and alcohol if they are involved in an accident that occurs on Klaben premises or off premises while operating a Klaben or customer vehicle, or results in an injury to anyone that requires outside medical attention, or when the employee is determined to have caused or contributed to that accident and there is a reasonable suspicion that alcohol or substance abuse was involved. Any employee, who is injured in the course and scope of his/her employment and tests positive for drugs or alcohol beyond prescribed limits set by law, may forfeit any workers' compensation benefits to which he/she may have otherwise been entitled. This is because a positive test, or the refusal to be tested, creates the presumption (belief) that alcohol or drugs were the main cause of the work-related injury. However, employees have the right to dispute this presumption by offering proof that the injury was not caused by the influence of drugs or alcohol.
4. Random Testing – All employees are subject to random drug and alcohol testing as a condition of continued employment. Employees will be randomly selected by the testing company twice per year. At each random screening, 10% of employees will be randomly selected to be tested. An employee who is selected for random testing will be notified by the Human Resources Manager or other manager that the employee has been selected for random testing. The employee must leave work within 15 minutes of notification and report directly to the designated facility for testing. Any employee who has undergone pre-employment, post-accident/incident, reasonable suspicion, or follow-up drug testing is not precluded from being randomly selected for drug testing. Refusal by any employee to undergo random testing will be grounds for immediate discharge.
5. Reasonable Suspicion Drug Testing – Employees will be tested when there is reasonable suspicion that an employee is using or has used drugs or alcohol. "Reasonable suspicion" may be found when there is direct observation or physical evidence of illicit substances, patterns of erratic or abnormal behavior, disorientation or confusion, an inability to complete routine tasks, the smell of alcohol or drugs or other circumstances that reasonably suggest

the use of drugs identified below, the improper use of legal drugs or the use of alcohol.

6. Follow-Up Testing – Employees who have violated this policy, but were given the opportunity to keep their jobs on the basis of successful rehabilitation will be subjected to unannounced drug and/or alcohol tests to ensure no further violations of the policy. The cost of the tests will be the responsibility of the employee.

Drug Testing Procedures -- Only certified testing laboratories will be used. A strict chain-of-custody procedure will be used to ensure the integrity of each specimen. The process will ensure individual privacy during the collection process and the confidentiality of test results. Each specimen will be tested for presence of the following substances, at the levels recommended by the United States Department of Health and Human Services:

- Amphetamines, such as ecstasy, crystal meth, or Ritalin
- Phencyclidine, also called PCP or angel dust
- Cocaine and crack cocaine
- Opiates, such heroin, oxycodone, or hydrocodone
- Barbiturates
- Benzodiazepines, such as Xanax and Valium
- Methadone
- Methaqualone, commonly referred to as Quaaludes
- Propoxyphene
- Cannabis (post-accident and reasonable suspicion testing only)

All confirmed positive test results will receive a professional medical review, which includes the opportunity for employees to explain the result to the medical review officer and provide a prescription for the use, if applicable. All information, interviews, reports, statements and test results, written or otherwise, are confidential medical information.

Disciplinary Consequences

Employee refusal to take the required alcohol or drug test immediately upon request by Klaben or any attempt to dilute, alter or tamper with the specimen or

any attempt to submit a false specimen for testing is grounds for immediate discharge.

Employees who test positive will be subject to Disciplinary Action as set forth in Section 5 of this Handbook.

SECTION 9

COMPENSATION POLICIES

Pay Days and Pay Periods

Klaben pays employees via direct deposit on a bi-weekly basis. Pay plans may vary by department or location. The employee's supervisor should be consulted for details regarding the particular pay plan for the employee's department and position.

Timekeeping

Klaben uses an electronic clock in/out procedure to determine hours during which employees are actively working at Klaben. The procedure is a necessary tool used in preparing payroll, ensuring compliance with wage-and-hour and workers'-compensation laws, calculating eligibility for FMLA leave and the 401(k) retirement plan and other business purposes.

All employees must "clock in" using the dealer-management system upon arrival at work and "clock out" when leaving work. Without approval of his/her supervisor, an employee may clock in no earlier than ten (10) minutes before scheduled workday start time, and may clock out no later than ten (10) minutes after his/her scheduled workday end time. All employees must clock in/out for any break exceeding 20 minutes, and all employees must clock in/out whenever leaving the premises for any non-work related reason.

The employee's supervisor or salaried manager should be consulted regarding compliance with the clock in/out time-keeping procedures. If an employee forgets to clock in/out or otherwise believes that his/her clock in/out times do not accurately capture all hours worked, the employee should contact his/her supervisor.

No employee other than a member of the management team may alter time records for an employee. Violation of the Timekeeping policy is an offense subject to disciplinary action or discharge as provided in Section 5.

Pay Deductions

Klaben offers programs and benefits beyond those required by law. In order to participate, deductions must be authorized by the employee from his/her pay for the cost of these programs and benefits.

Errors in Your Pay

Klaben's payroll department makes every effort to ensure that each paycheck is completely accurate each pay day. However, if an employee notices any error or discrepancy, he/she should contact the payroll department immediately.

Overtime

Occasionally, a "non-exempt employee" may be called upon to work more than his/her normal work week and may be eligible for overtime pay. The applicable supervisor will provide as much advance notice as possible. Overtime for eligible non-exempt employees must be approved in advance by the applicable supervisor or other authorized manager. Overtime will be paid to eligible non-exempt employees for time worked, in excess of forty (40) hours per week, at one and one-half (1½) times the employee's regular rate. Overtime payments will be based on actual hours worked. Time off with or without pay, including but not limited to holiday, paid-time-off or leave without pay, will not be counted as hours worked for purposes of calculating overtime.

Klaben cannot, in accordance with applicable law, grant compensatory time off to non-exempt employees in lieu of making overtime payments. Exempt employees are not eligible for overtime pay.

Travel & Expense Reporting

Travel and disbursements for business purposes must be approved in advance by the employee's supervisor. Reimbursement for business related expenses are contingent upon submission of complete expense reports with appropriate receipts. Expense reports must be submitted within fourteen (14) days of the incurred expense.

If an employee uses his/her personal car for authorized work-related travel, he/she may be reimbursed for mileage, parking and tolls. Arrangements for a Klaben vehicle, if applicable, must be made through the employee's supervisor and must be requested and pre-approved in writing in advance of the travel.

Performance Reviews

Employee work performance will be continually reviewed by members of the management team throughout an employee's career with Klaben. Performance reviews will be conducted as needed and are designed to enhance job-related communication between an employee and his supervisor. The review can promote an understanding of what is expected of the employee and gives the employee a means of measuring how well his/her performance has met those expectations.

Pay Increases

The Klaben compensation program is designed to attract, retain and reward talented, dependable and capable employees. Periodically, employees will be reviewed for pay increases which are awarded solely on the basis of merit. A recommendation to award a pay increase is made by the employee's supervisor and submitted to the management team for approval. Pay increases are given at the discretion of Klaben and may or may not coincide with a performance review.

SECTION 10

LEAVE POLICIES

Introduction

Klaben provides leave as provided by law and Klaben policy. As used in this Handbook, leave is distinguished from benefits which are set forth in Section 11.

General Policies Regarding Leaves

Leaves of absence are limited to the following: FMLA, military service, and jury duty. (Paid-time-off is covered under Section 11, Benefits.) There are several general policies that pertain to leaves of absence.

1. If the leave is foreseeable, a request for leave must be submitted in writing to the Human Resources Department at least 30 days before the leave is to begin. If the need for leave is unforeseeable or such advance notice is not possible, the request must be made as soon as practicable after the need for leave is known. In such circumstances, an employee must follow Klaben call-off procedures. An employee may be required to provide sufficient documentation to support the need for the leave. A request-for-leave form can be obtained from the Human Resources Department.
2. Unless an extension is requested and approved, an employee is expected to report to work at the end of the approved leave. Failure to report on the first workday after the end of the leave will constitute the employee having voluntarily terminated employment with Klaben.
3. All leaves of absence are granted without pay, unless otherwise noted in this Handbook.
4. Any leave of absence obtained through false pretenses will result in termination of employment.

5. An employee on a leave of absence is subject to job elimination or reduction-in-force the same as an employee who is not on leave.
6. Unless otherwise required by law, while on leave, an employee must pay Klaben directly for the employee portion of the premiums on group insurance plans in order to maintain coverage. An employee may be able to continue coverage for a specified period of time under COBRA or the state health insurance continuation law. The Human Resources Department should be contacted for more information.
7. Working elsewhere (including self-employment) without prior management approval while on a leave of absence or pursuing an interest that conflicts with the purpose of your leave will result in termination of employment.
8. Employees taking an approved leave of absence will not continue to accrue benefits (e.g., paid time off) during the leave. As a result, the number of days of paid time off within any calendar year will be pro-rated and reduced to account for the duration of the leave.

Family and Medical Leave Act Policy

A leave of absence of up to 12 weeks in any 12-month period measured backward using the “rolling” method (per FMLA law) will be granted to all eligible employees for the following purposes:

1. The birth and care of the employee’s newly-born child.
2. The placement of a child with the employee for adoption or foster care, and to care for the child upon placement.
3. To care for a “covered family member” (spouse, child, or parent) who has a “serious health condition” (an illness, injury, impairment or physical or mental condition that involves inpatient care or continuing treatment by a health care provider).
4. The existence of a serious health condition rendering the employee unable to perform the essential functions of his or her position.
5. A “qualifying exigency” arising out of a covered family member’s covered active duty or call or order to covered active duty (or notified of an impending call or order to covered active duty) with the Armed Forces, including the National Guard and Reserves. Covered active duty means duty during a federal deployment of the Armed Forces member to a foreign country. State calls to active duty are not covered unless under order of the President of the United States. A qualified exigency may include short-notice deployment issues, attending military events, arranging for alternative childcare, addressing financial and legal arrangements, seeking counseling, attending post-deployment activities, providing parental care, spending time with

a service member on short-term temporary rest and recuperation leave during deployment, and other similar circumstances.

Note: Leave related to a child's birth or placement for adoption or foster care must be completed within the 12-month period beginning on the date of the birth or placement.

A leave of absence of up to 26 weeks in any single 12-month period (rolling forward) will be granted to eligible employees for the following purposes:

1. To care for a covered family member or next-of-kin (nearest blood relative) who has a serious injury or illness incurred in the line of duty while on active duty in the Armed Forces (or existed before active duty began and was aggravated by service in the line of active duty) and that may render the service member medically unfit to perform his/her duties. The service member must be (1) undergoing medical treatment, recuperation or therapy; (2) in outpatient status; or (3) on the temporary disability retired list for the serious illness or injury.
2. To care for a covered veteran who is a covered family member or next-of-kin (nearest blood relative) who has a qualifying serious injury or illness incurred in the line of duty while on active duty in the Armed Forces (or existed before the service member's active duty began and was aggravated by service in the line of active duty) and manifested itself before or after the service member became a veteran. The veteran must be undergoing medical treatment, recuperation or therapy for the serious injury or illness, must have been a member of the Armed Forces and must have been discharged or released under conditions other than dishonorable at any time during the five-year period prior to the first date of requested FMLA military caregiver leave.

Note: Leave to care for an injured or ill service member, when combined with other FMLA-qualifying leave, may not exceed 26 weeks in any single 12-month period.

Eligibility: An employee must have been employed for at least 12 months and must have worked for at least 1,250 hours during the previous 12-month period. Also, Klaben must employ 50 or more employees at the employee's worksite or within 75 miles of that worksite.

Use of Available Paid Time Off: Unused accrued paid-time-off will be applied to leave time and paid generally in accordance with the terms and conditions of those paid leave policies. The balance of the leave will be unpaid unless the employee is eligible for disability pay or workers' compensation benefits. If applicable, time off for workers' compensation and/or paid leave will run concurrently with FMLA leave and count against FMLA leave entitlement.

Coverage under the existing Group Health Insurance Plan will be continued during FMLA leave under the same terms as if the employee continued to work. The employee must continue to make the employee portion of premiums as applicable to maintain coverage.

Reinstatement: Upon return from FMLA leave, the employee will be reinstated to the position held when leave began or to an equivalent position with equivalent pay, benefits, and terms and conditions of employment. The employee's Paid Time Off will be prorated for the calendar year in which the leave time is taken. However, Klaben may determine that a highly-compensated employee is not eligible for reinstatement. An employee who is a highly compensated employee not eligible for reinstatement will be notified.

Certifications: A leave of absence due to a serious health condition (an employee or a covered-family member) requires the certification of the appropriate health care provider. (Genetic information about an employee or family member should not be requested and should not be provided on any request or certification form except as needed to certify a serious health condition of a family member.) Failure to return the certification may delay or jeopardize entitlement to FMLA leave. Leave due to the illness or injury of a covered service member will require a similar health care provider certification or federally-issued documentation. Similarly, Klaben requires proper certification from the employee explaining the facts requiring leave due to a qualified exigency and any available written documentation to support the leave request. Additionally, a medical exam may be required if a second or third opinion of a certification of a serious health condition is required, or to determine fitness to return to work. Klaben also may require recertification of FMLA leave and periodic updates about the employee's intent to return to work.

Modified Work Schedule: Leave may be taken on an intermittent basis (in separate blocks of time due to a single covered health condition) or reduced work schedule basis (reducing the usual number of hours worked by the employee per workweek or workday) when medically necessary due to: (1) a covered family member's or the employee's own serious health condition; (2) to care for a covered member of the Armed Forces; or (3) a qualifying exigency.

When intermittent or reduced work schedule leave is foreseeable due to planned medical treatment, the employee must make reasonable efforts to schedule the treatment so as not to unduly disrupt Klaben operations, and Klaben may temporarily transfer the affected employee to an alternative position for which he/she is qualified if it better accommodates these re-occurring periods of leave.

If an employee takes a full week of FMLA leave during a week containing a holiday, the holiday will count against the FMLA allotment. If an employee takes less than a full week of FMLA leave during a week containing a holiday, the holiday will not count against his/her FMLA allotment unless the employee was otherwise scheduled and expected to work the holiday.

For questions or further information about the FMLA, contact the Human Resources Department.

Leave for Jury Duty

Klaben will provide employees unpaid leave to serve on jury duty. If available, paid-time-off days may be used to cover lost wages during jury duty service.

To reduce interruptions in work which may be caused by an employee's absence, an employee should report promptly to the applicable supervisor that he/she has been called for jury duty. The employee is also required to report promptly for work during any day in which his/her presence in court for services as a juror is not required or when the employee is excused with more than two (2) hours remaining in the regular scheduled work day.

Military Service Leave

The Uniformed Service Employment and Reemployment Rights Act (USERRA) provides that any individual who is absent from employment because of voluntary or involuntary military service obligation has the right to reemployment and all its accompanying benefits, as long as:

1. The individual provides advance notice to the employer of his or her impending military service;
2. The individual is honorably discharged;
3. The leave does not exceed the maximum length of absence (as defined by the law); and
4. The individual applies for reemployment in a timely manner (as defined by the law).

Continuation of Group Insurance Benefits While You Are on Leave: While on military service leave, an employee has the right to continue his/her group insurance benefits for up to 24 months. Failure to provide advance notice of the need for military service leave, except where impossible or precluded by military necessity, will result in cancellation of health care coverage. If an employee is on leave for fewer than 31 days, he/she must pay the regular share of his/her insurance premium for that month. If leave exceeds 30 days, the employee must pay the full premium. If while on military service leave the employee does not elect continuing coverage and is reemployed after the conclusion of military leave, his/her health care coverage will be reinstated without any waiting period or limitations consistent with the terms of the health plan in effect at that time.

The employee must notify Klaben within 60 days after receiving the USERRA election form if he/she wants to continue coverage, and payments must be made monthly to maintain coverage.

SECTION 11

BENEFITS

Introduction

Klaben offers an array of benefits including paid time off, medical, dental, life insurance and retirement plans. As these program levels change periodically, employees should seek information from the Human Resources Manager, other members of the management team or the Klaben website (www.klaben.com) for the most current benefit offerings. Always consult the official plan documents for terms and conditions of the benefits as those documents always take precedence over unofficial summaries.

Paid Time Off

Paid Time Off is available on a calendar-year basis to full-time employees according to longevity with Klaben as shown in the following table; it replaces vacation, sick, personal and bereavement days. Except for new hires, length of service is based on full calendar years of service completed, so a 2- or 10-year anniversary date occurring during the year entitles an employee to the increased PTO level on January 1 of the following year.

Length of Service	PTO Days per Cal Year
60 Days	10*
2 Years	15
10 Years	20

*No PTO days are available until after 60 days of employment. The number of days then available for the balance of the year is prorated according to the number of days left in the calendar year after date of hire.

$10 \times \frac{365 \text{ days per year} - \text{days worked}}{365}$	PTO days available for the calendar year
------------------------------------------------------------------------	------------------------------------------

Example: An employee is hired April 15: There are 261 days left in the calendar year.

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Except for genuine emergencies and onset of sickness, requests for paid time off must be submitted in writing to the employee's supervisor or other authorized member of the management team at least thirty (30) days prior to the first day of absence, whenever the paid time off is foreseeable. Medical certification or other documentation may be required by management upon return to work when time off taken without 30-day notice. To ensure adequate staffing and to avoid

scheduling conflicts, Klaben reserves the right to designate when paid time off may be taken.

PTO days must be used during a given calendar year and may not be carried over from one year to the next. PTO days expire on the date of employment termination and are not payable if not used during the period of employment. An employee taking a PTO day must be off work in order to be paid; an employee may not take a PTO day and work the same day.

Medical and Dental Appointments

Whenever possible, employees should schedule medical or dental appointments on a scheduled day off, before or after work or, if necessary, at the beginning or end of the business day. If time off from work is necessary for such appointments, employees may utilize paid time off.

Holidays

Klaben normally observes the following paid holidays:

- New Year's Day
- Memorial Day
- Independence Day
- Labor Day
- Thanksgiving Day
- Christmas Day

Only full-time employees are eligible for holiday pay, and employees must work or be on approved paid leave on their normally scheduled work day before and after the holiday to receive holiday pay. If an employee is absent on one or both of these days because of an illness or injury, Klaben reserves the right to verify the reason for the absence before approving holiday pay.

Newly hired employees must be employed for 90 days prior to the holiday to be eligible to receive holiday pay.

If a holiday falls during an absence for paid time off, holiday pay will be provided instead of the paid time off benefit.

Depending upon the position, an employee may be required to work on a holiday. Holiday pay is based on the employee's normal work schedule and pay rate. If an employee must work on a paid holiday, he/she will be compensated for the hours worked in addition to the holiday pay. Commission employees are not eligible for Holiday Pay. Salaried employees will receive their regular pay with no

adjustments for the week in which the holiday occurs. Holiday pay does not count towards hours worked for overtime purposes.

Training Expenses

Klaben offers financial assistance for outside educational opportunities so that employees may enhance their job-related skills and abilities. When an employee has been employed at Klaben for six (6) months as a full-time employee, he/she is eligible to receive reimbursement for approved training and other eligible education expenses. See the HR Department for more information.

Employee Discounts

Parts and Service Discounts

An employee may purchase parts for his/her personal vehicles at cost plus a percentage (as determined by each department's Service Manager). Service maintenance and/or repair to your personal vehicles are available at a deeply discounted rate from retail customer rates (as determined by each department's Service Manager). Written repair orders are required. Payment is by cash or major credit card. Discounts on parts and service are restricted to vehicles personally owned/leased by employees and immediate family members. Immediate family members for purposes of this policy includes the employee's spouse, child, step-child, parents, step-parents, sister, step-sister, brother, step-brother, grandparents and grandchildren.

If insurance proceeds are used to pay for repairs (either directly paid to the dealership or paid by the insurance company to the employee), employees may not use the employee discount rate for parts or service.

Automobile Purchases

Because Klaben employees are its best salespeople, employees are encouraged to buy from Klaben. Generally, manufacturers have employee purchase plans in place. If they are not in place, or an employee has used up his/her allotment, he/she should see the General Manager of the applicable department regarding the price available. Limited-availability vehicles will be offered to retail customers first or made available at current market prices at the General Manager's discretion.

If a trade-in is involved, the employee has the option of selling it privately or accepting the appraised value at the time of purchase. Used vehicle prices are

set by the General Manager on an individual basis subject to cost basis and market considerations.

An employee's unauthorized use of employee discounts for friends or relatives, or for personal gain will subject the employee to Disciplinary Action or discharge.

Status of Benefits at Termination

If an employee terminates his/her employment with Klaben, benefits generally end as of the last day of employment. However, terminated employees, may have rights and responsibilities under the benefit programs. Health plans are subject to continuation provisions of the federal Consolidated Omnibus Budget Reconciliation Act (COBRA). The applicable supervisor or the Human Resources Department should be consulted for additional information.

The last day the employee is actively at work will be considered his/her termination date. Except in cases of retirement, paid time off cannot be used to extend length of service.

Compensation for accrued paid time off is not payable upon termination. Upon termination of employment, employees are required to pay off any outstanding debt to Klaben and to turn in any Klaben computer equipment, ipads, credit cards, uniforms, tools, keys, training materials or other Klaben property, including customer lists/names, factory programs, handouts of any kind and all Klaben forms. Once Klaben management is satisfied that all accounts are clear, a final pay will be issued to the employee in accordance with state law.

SECTION 12

CONFIDENTIALITY AND CONFLICT OF INTEREST POLICIES

Conflict of Interest

Employees must avoid conflicts of interest. An employee has a conflict of interest if the employee places himself/herself in a position where his/her private interests may have an adverse effect on the employee's motivation or the proper performance of his/her job, or when the employee actions result in direct or indirect detriment to Klaben, other Klaben employees or its customers. Klaben has a long history of maintaining the highest integrity. Therefore, employees should avoid conflicts of interest that give even the appearance of impropriety or compromise the integrity of Klaben in any way.

Use of Klaben funds for unauthorized purposes and dishonest practices is absolutely forbidden. An employee is required to disqualify himself/herself from exerting influence in any transaction where his/her own interest may conflict with the interest of Klaben or where the employee may gain any financial benefit when the amount in question is more than fifty (50) dollars. (As an example, going to a reasonable dinner is acceptable.) An employee should report in writing to the Klaben President any financial interest he/she or any member of his/her family may have with any individual or party doing business with Klaben.

Further, employees are prohibited from maintaining, directly or indirectly, any outside business or financial interest, or engage in any activity which may conflict with their job performance. For example, outside employment or financial interest in any competing auto dealership or mechanical service business is strictly forbidden. In addition, performing mechanical service for Klaben customers for direct payment, on or away from Klaben premises, is grounds for discharge.

Periodically, as a condition of continued employment, employees are required to disclose any potential conflicts of interest to the management team. In the event an employee has a concern whether or not a particular situation may constitute a conflict of interest, he/she should submit the information to his/her supervisor in writing for review and, if appropriate, authorization.

Gifts

Employees should not accept any gift or gratuity from any customer, vendor or supplier that may be construed as any of the following:

1. Payment for services rendered.
2. An inducement to do business or enter into a contractual agreement.
3. An obligation to do business or enter into a contractual agreement.

Employment of Relatives

Family members of employees may be considered for employment or other persons of close affinity (roommate, girlfriend/boyfriend) provided they possess the skills and qualifications required for the position and their employment would not create a supervisory/subordinate relationship or a conflict of interest as determined by the Human Resources Department or management team.

Outside Employment

Klaben expects each employee to devote his/her full attention and energy to the job. However, if an employee elects to engage in employment outside of Klaben, it must not conflict or interfere in any way with his/her job at Klaben. In addition, no outside business may be conducted during paid working hours or on any Klaben premises nor utilizing any Klaben supplies, equipment or Klaben assets. Klaben requires that an employee submit a written request to the applicable supervisor for approval prior to commencing outside employment.

Confidential Information in General

In general, whether or not certain information is considered Confidential Information of Klaben depends upon a number of factors and legal considerations, including, but not limited to, the value of such information to Klaben and whether Klaben would be concerned about its competitors acquiring the information through improper means and the steps that Klaben and its employees take to protect such information from being disclosed. Generally, it is necessary to take reasonable steps to protect Confidential Information. If disclosure of Confidential Information to a third party has been authorized at the appropriate level at Klaben, non-disclosure agreements must be signed before disclosure is made.

Confidential Information includes, but is not limited to the following types of information, whether it is stored as a hard copy, on software or in any other medium or format. Confidential Information includes information of Klaben, its employees, its insured's, agents, claimants or potential insured's or applicants or information of other companies or entities that is provided to Klaben during

merger or acquisition activity or as part of a joint venture or an affinity relationship.

Types of Confidential Information (Include But Are Not Limited to the Following)

Financial Information

- Profit margins
- Financing plans and/or financial forecasts
- Overhead costs
- Banking arrangements
- Reserving information and strategies

Organizational Information

- Plans for mergers and/or acquisitions or divestitures
- Plans for business expansion or downsizing
- Key employee acquisitions
- Methods of operation
- Processes and Forms
- Strategic business plans
- Contract and contract negotiations

Sales and Marketing Information

- Product manuals and/or reference guides
- Pricing policies and sales processes
- Advertising policies or information not already available to the public
- Marketing and advertising budgets and plans
- Customer Prospect Information
- Customer Lists
- Customers' personal information, including but not limited to address, phone number, e-mail address, social security number and financial information

Technical Information

- Automation strategies
- Software created by or for Klaben or in the process of being developed
- Vendor software licensed to Klaben
- Identification of technology licenses and their terms and conditions

Employee Information

Personnel files and personal information of other employees
Benefits planning information and strategy
Performance appraisals, development information, evaluations and test scores of other employees.
Investigative files and background information
Succession planning information
Employee medical information

Klaben also maintains a separate Information Security Program designed to safeguard the confidential information of our customers. An employee should see his supervisor with any questions regarding the Information Security Policy.

Disclosure of Confidential Information Prohibited

Disclosure of Confidential Information, as defined in the Handbook, with any individual, business or other entity outside of Klaben without prior proper authorization from an authorized manager, is prohibited. Employees should always conduct their communications with individuals and businesses outside of Klaben with these obligations in mind.

If an employee has any questions concerning whether or not certain information is Confidential Information, he/she should the applicable department manager, or other authorized manager or Klaben President. If an employee remains uncertain of the confidentiality status, he/she should treat the information as “Confidential Information” while obtaining further clarification and guidance.

SECTION 13

ELECTRONIC COMMUNICATIONS POLICIES

Introduction

Klaben makes available to its employees an array of electronic equipment necessary and convenient for conducting business. These tools and the personal devices of employees while conducting Klaben business and using electronic communications, are to be used in a responsible way and in compliance with the policies set forth in this section.

Personal Use of Klaben Telephone System

Klaben expects the full attention of its employees while they are working. Although employees may occasionally need to take care of personal matters during the workday, employees should try to conduct such personal business either before or after the workday or during breaks or meal periods. Regardless, any personal call should be kept short.

Employees should also limit incoming personal calls, visits or personal transactions. Klaben phones should be available to serve Klaben customers, and non-business use of the phones can have a negative impact on Klaben business. A pattern of excessive personal phone calls, personal visits and/or private business dealings is prohibited.

Cell Phone Policy

Introduction

Klaben recognizes that cell phones have become an important tool in managing professional and personal lives of employees. However, cell phones raise a number of issues involving safety, security and privacy which this policy is designed to address. Klaben will not be liable for the loss of personal cell phones brought into the workplace.

Using Cell Phones While Driving

Klaben requires the safe use of cell phones by employees who use them to conduct Klaben business. Employees are required to know and obey all

applicable state and local laws regarding cell phone use while driving. Under no circumstances are employees allowed to place themselves at risk to fulfill business needs. An employee who is charged with a traffic violation resulting from the use of his/her cell phone while driving will be solely responsible for any fines, penalties or liabilities that result from such actions.

Employees, while driving a vehicle during work hours or on Klaben business, are prohibited from using handheld cell phones to make or receive any business calls or to open, read, compose or send text messages, email messages or other electronic communications. Employees are also prohibited from sending or opening work-related text messages while driving at any time. If an employee needs to make or receive a phone call, text message or review an e-mail on a handheld cell phone, the employee should ensure that the vehicle is stopped and parked in a proper parking area before making the call or reviewing or sending a text message or e-mail.

General Cell Phone Etiquette

While at work, employees are expected to exercise the same discretion in using personal cell phones as is expected for the use of Klaben phones. Personal calls during the workday, regardless of the phone used, can interfere with employee productivity and be distracting to others. Employees should be courteous to their co-workers and keep ring tones on vibrate or low while at work.

Employees should never interrupt a conversation with a customer to answer a cell phone call unless it is an emergency.

Electronic Devices

During work time, employees are expected to have their full attention on their work and not on their electronic communication or music/gaming devices. Use of electronic devices can interfere with productivity, distract others and create unsafe working conditions. Employees are asked to send personal text or email messages, or make any other personal communications during non-work time and to advise their friends and family members of Klaben's policy. Klaben will not be liable for the loss of personal electronic devices brought into the workplace.

For safety reasons, you may not, under any circumstance, use a cell phone, or other electronic device, whether personal or Klaben-provided, while operating a vehicle, machinery or equipment.

Use of Klaben Computers and Information Systems

Introduction

Klaben recognizes the importance of email, voice mail, text-messaging and Internet access in today's fast-paced work environment. Accordingly, email,

voice mail, text-messaging and Internet access are communication tools that may be used for business purposes by employees in a responsible manner and subject to the guidelines in this Handbook.

Standards of Conduct to be Observed

Email, voice mail, text-messaging and other electronic communication are to be based on mutual respect for others in the workplace. These systems are not to be used in a way that may be disruptive, offensive or harmful to morale. There is to be no display or transmission of sexually explicit images, messages or cartoons, or any transmission or use of email, voice mail or text-messaging communications that contain ethnic slurs, racial epithets or anything that may be construed as harassment or disparagement of others based on their veteran status, political beliefs, race, color, religion, sex, sexual orientation, gender identity, marital status, military status, ancestry, national origin, physical or mental disability, age, pregnancy, genetic information or any other legally-protected characteristic.

The information systems must not be used to solicit others for commercial ventures, religious or political causes or any non-job related solicitations.

Employees must not attempt to gain access to another employee's personal file of email, voice mail or text-messages.

Examples of Violations of Policy

Employees must remember that email, voice mail, text-messaging and Internet access originating at Klaben is a privilege and this privilege may be revoked if abused. When using a Klaben Internet connection, you are a Klaben representative. Be aware that the following actions constitute violations of Klaben policy:

1. Any activity that is contrary to State or Federal Law, including distributing or obtaining copyrighted software or information without proper authorization from the copyright holder. All Klaben employees using Klaben Internet connections must respect all copyright issues and conform to applicable copyright laws regarding software, information and attributions of authorship
2. Any activity that could damage the reputation of Klaben or potentially put you and Klaben at risk for legal proceedings by any party. Employees must not transmit libelous or harassing communications or communications which could be

considered unfair competitive practices. Remember that the message an employee posts to social media, or even sends directly to one person outside Klaben can end up on the screens of thousands of readers. You are expected to use good judgment in all your communications.

3. Any activity that could be construed as hostile to another business or institution. An example of this is making attempts to gain unauthorized access to another system and/or information.
4. Any communication of a commercial nature, solicitations, advertisements and similar commercial postings that are other than for Klaben's vehicles or services is against Klaben policy. In other words, do not use Klaben electronic systems for one's own purposes or own financial gain.
5. Communication of methods and materials developed by Klaben, including marketing information, development plans, clientele listings and technological developments are only a few examples of proprietary information held as confidential and which are not to be shared outside Klaben. See Confidentiality Policy for more information.
6. Transmissions or communications that may be considered offensive or hostile toward any individual or group of individuals is prohibited. Prohibited conduct also includes any conduct that would violate Klaben's Personal Conduct and Harassment Prohibition Policy.

Rights of Management to Inspect Klaben Electronic Systems Content and Use

Notwithstanding the policies set forth elsewhere in the Employee Handbook, Klaben management reserves the right to enter an employee's email, voicemail, text messages or internet files or transmissions relating to Klaben business or on Klaben maintained electronic communications websites or e-mail systems. Management may monitor, retrieve, review and/or reproduce any content or communication.

Electronic Devices Owned by Klaben

Klaben may, from time to time, in its discretion, issue portable electronic devices to employees for business purposes. These devices may be used only for business related purposes and are not intended for personal use in any manner. No software or downloads are permitted on these devices unless specifically authorized by Klaben's IT department. All communication on electronic

communication systems or electronic devices owned or paid for by Klaben are property of Klaben, and there is no expectation of privacy thereon. Upon the end of employment, any company issued device must be immediately returned to Klaben.

Electronic Devices Owned by Employee

Employees may not bring personal tablets, personal laptop computers or other personal electronic devices (other than cellphones) to work and may not use such devices (other than cellphones) for business use. Employees may use their cell phone and may wish to link their Klaben e-mail account to that phone or download business related applications. As set forth above, Klaben management reserves the right to enter and monitor an employee's e-mail or other electronic transmissions. As such, upon termination of employment, Klaben may disable the e-mail and any business related applications.

By linking your Klaben e-mail account to your portable electronic device you authorize Klaben to take any actions necessary to remove the e-mail and other confidential and proprietary information from your device and you release Klaben from any liability for lost data, applications or software.

Copyright and Licensing Issues

Klaben purchases and licenses the use of various computer software for business purposes and does not own the copyright to this software or its related documentation.

Unless authorized by the software developer, Klaben does not have the right to reproduce such software for use on more than one computer. Therefore, employees may only use software on local area networks or on multiple machines according to the software license agreement.

Klaben prohibits the illegal duplication of software and its related documentation. With respect to software, copying copyrighted software to a Klaben computer without proper licensing is not only illegal but makes you and Klaben liable for copyright infringement. Any employee who has unlicensed software on Klaben equipment that has been provided for his or her use will be held accountable for the consequences.

Viruses

The introduction of viruses should be avoided. If such a problem occurs, it must be reported immediately to management so appropriate actions can be taken to eradicate the virus.

Social Media Policy

Introduction

The Social Media Policy ensures that employees who use social media for their work, or in a personal capacity, have guidance as to Klaben expectations where the social media involves Klaben operations, employees, services or other Klaben activities. When using social media, it is important for each employee (a) to be clear about who he/she is representing; (b) to take responsibility for making sure that any references to Klaben are factually correct and do not violate Klaben confidentiality policies and other policies; (c) to respect the individuals with whom he/she is interacting; and (d) to comply with legal restrictions regarding endorsements.

Social Media Defined

As used in this policy, social media includes but is not limited to the following:

- Social networking sites (e.g., Facebook, Twitter)
- Professional networking sites (e.g., LinkedIn)
- Video and photo sharing websites (e.g., Flickr, YouTube, Snapchat)
- Blogging sites (e.g., Twitter, Blogger, Tumblr, Blogspot)
- Forums and discussion boards (e.g., Yahoo, Groups or Google Groups)
- Online encyclopedias (e.g., Wikipedia)
- Any other websites that allow individual users to use simple publishing tools.

Employees are cautioned that they should have no expectation of privacy while using the internet while at work. Postings can be reviewed by anyone including Klaben managers and supervisors. Employees should expect that any information created, transmitted, downloaded, exchanged or discussed on any social network or internet website while on Klaben owned computer equipment may be accessed by Klaben at any time without prior notice.

Rules for Using Social Media for Work

When using social media on company owned computer equipment, employees must adhere to the following rules:

1. Klaben social media sites (Facebook, Twitter, etc.) are managed by authorized Klaben representatives. Employees may post on those accounts only with authorization from

management or in direct response to a message that identifies the employee by name.

2. Social media use must comply with all state and federal laws.
3. Social media use must comply with all Klaben policies (e.g., confidentiality, noncompetition, respect for dignity, solicitation, media, harassment, access to records, copyright, trademark, Internet, e-mail, use of Klaben facilities.) Employees may only disclose publicly available information about Klaben.
4. An employee's professional social media page must be approved by the Human Resources Department and must not contain any material which may reasonably be considered offensive to any party.
5. Klaben facilities/property may not be used to create or maintain a personal website or Web blog. Klaben monitors the use of its facilities and equipment to ensure compliance with its policies.
6. Klaben will delete from its website files, computer systems and storage media any unauthorized materials it may find, at any time and without notice.
7. Klaben monitors the use of its name, trademarks and service marks on the Internet and reserves all rights thereto.
8. Employees may not state or imply that the views they express are that of Klaben, its managers, agents or affiliates, unless specifically authorized by Klaben management.
9. Klaben may require an employee to refrain from discussing certain subjects and to withdraw certain posts from a Klaben account if Klaben determines that doing so will help ensure compliance with applicable laws.

Violations of Policy Subject to Discipline

Employees should always conduct their communications with individuals and businesses with the obligations included in the Electronic Communications Policies in mind. Violations of the policies of this Section are prohibited, and an employee who violates any policy in this section is subject to Disciplinary Action.

Nothing in this policy is intended, or will be interpreted, to interfere with, restrain or coerce any employee's lawful exercise of his/her rights under any applicable federal, state or local law, including but not limited to lawfully discussing terms and conditions of their employment, engaging in protected concerted activity,

acting together for mutual aid or protection or otherwise lawfully exercising their Section 7 rights under the National Labor Relations Act.