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

Our business is comprised of Sales and Service. Without good Sales, we haven’t the need for Service. Without good Service, our Sales would soon falter. As such, the driving force of our business plan – that which factors into everything we do – must always be to have and maintain the most satisfied and loyal customers. We are committed to professional, productive and satisfied employees whose actions are customer-driven with customer satisfaction as the #1 priority.

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

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 located at 2532-2650 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 and 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 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 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 to focus on the Ford and Chrysler brands.

1999 – As the second step exiting the GM brands market, and in concert with the upcoming acquisition of Jeep, the Buick GMC franchise was sold. In Warren, a Lincoln Mercury franchise was purchased, and Crown Ford Lincoln Mercury, Inc. sales and service activities were consolidated at 3853 Youngstown Road, the existing site of the acquired Lincoln Mercury franchise. The Crown Body Shop still occupies the former Crown Service Department at 2650 Youngstown Road.

2000 – The Jeep acquisition was consummated allowing Klaben, 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.

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 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
EMPLOYEE HANDBOOK

## TABLE OF CONTENTS

### PREFACE
- Welcome Letter
- History of the Klaben Automotive Group

### Section 1. INTRODUCTION TO HANDBOOK
- Definitions
- Required Compliance
- Additional Information Available
- Not an Employment Contract
- Effective Date and Revisions
- New Employee Orientation

### Section 2. COMPLIANCE WITH EMPLOYMENT LAWS
- General Statement of Klaben Policy
- Equal Employment Opportunity Policy
- Employment “At Will” Policy
- The Americans with Disabilities Act
- Employee Harassment
- Cash Reporting and Money Laundering Policy

### Section 3. GENERAL EMPLOYMENT POLICIES
- Employment Categories
- Personnel Records
- Employee Motor Vehicle Record
- Termination of Employment
- References
- Return of Property
- Rehire Policy
- Introductory Period for New Employees

### Section 4. WORKPLACE STANDARDS AND EXPECTATIONS
- Hours of Work
- Punctuality and Attendance
- Severe Weather
- Personal Appearance
- Customer Relations
- Personal Information
Security
Violence and Weapons
No Solicitation Rule
Suggestions
Visitors
Tools and Equipment
Problem Solving
Bulletin Boards
Parking

Section 5.  EMPLOYEE DISCIPLINE  17
Introduction
Disciplinary Action Defined
Availability of Disciplinary Action and Employment at Will
Examples of Offenses Subject to Discipline

Section 6.  WORKPLACE SAFETY POLICIES  20
Introduction
Safety Rules
Accidents and Injury
Notification Requirement
Vehicle Accidents and Company/Customer Vehicles
Care of Customer Vehicles
Fire Prevention

Section 7.  ENVIRONMENTAL PROTECTION POLICIES  24
Introduction
Employee Responsibility

Section 8.  HEALTH RELATED POLICIES  25
Smoking Policy
Drug and Alcohol Policy

Section 9.  COMPENSATION POLICIES  28
Pay Days and Pay Periods
Timekeeping
Pay Deductions
Overtime
Travel and Expense Reporting
Performance Reviews
Pay Increases

Section 10.  LEAVE POLICIES  31
Introduction
Vacation
Personal Days
Holidays
Sick Leave
Medical and Dental Appointments
Family and Medical Leave Act Policy
Bereavement
Jury Duty

Section 11. BENEFITS
Introduction
Training Expenses
Employee Discounts
Status of Benefits at Termination

Section 12. CONFIDENTIALITY AND CONFLICT OF INTEREST POLICIES
Conflict of Interest
Gifts
Employment of Relatives
Outside Employment
Confidential Information in General
Types of Confidential information
Disclosure of Confidential Information Prohibited
Legal Advice

Section 13. ELECTRONIC COMMUNICATIONS POLICIES
Introduction
Personal Use of Klaben Telephone System
Cell Phone Policy
Use of Klaben Computers and Information Systems
Social Media Policy
Violations of Policy Subject to Discipline
SECTION 1

INTRODUCTION TO HANDBOOK

Definitions


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. 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 the applicable supervisor or Human Resources Department for more details.

Not an Employment Contract

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 it 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 May 20, 2010, 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, but there may be times when policies or programs will change before this material can be revised. Revisions will appear on the Klaben website which should be considered as 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 that he/she 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 to any employee by contacting his/her supervisor or the Human Resources Department.
SECTION 2

COMPLIANCE WITH EMPLOYMENT LAWS

General Statement of Klaben Policy

It is the policy of Klaben to abide by all federal, state and local laws, rules and regulations applicable to Klaben and to have all our employees do the same. Each employee of Klaben is required to adhere to this Klaben standard. Applicable 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. 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, marital status, military status, ancestry, national origin, physical or mental disability, age, pregnancy or related illness occurring during pregnancy or childbirth.

You may discuss equal employment opportunity related questions with the Human Resources Department.

Employment “At Will” Policy

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. 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 as an optional disciplinary measure, does not change in any way the right of Klaben to terminate – at will -- the employment of any employee. Any deviation from this policy must be in writing and signed by the employee and the President of Klaben.

**The Americans with Disabilities Act**

It is the policy of Klaben to fully comply with the provisions of the Americans with Disabilities Act (ADA). In keeping with this policy, otherwise qualified disabled applicants and employees will be considered for hire, promotion, transfer, training, employee benefits and termination without regard to their disability.

In addition, when requested and reasonably necessary to perform the duties described in an employee’s job description, Klaben will provide qualified applicants and employees with reasonable accommodations when the accommodation requested does not impose an unreasonable burden on Klaben.

Persons believing that they have not been afforded equal treatment in accordance with this policy should contact the General Manager. All complaints of unequal treatment will be fully investigated and corrective action taken where necessary to comply with the ADA.

**Employee Harassment**

**Harassment in General**

Klaben prohibits harassment of one employee by another employee or supervisor for any reason including, but not limited to, veteran status, race, color, religion, sex, marital status, military status, ancestry, national origin, physical or mental disability, age, pregnancy or related illness occurring during pregnancy or childbirth. While it is not easy to define precisely what harassment is, it includes, by way of example, slurs, epithets, threats, derogatory comments, unwelcome jokes and teasing. The purpose of this policy is not to regulate the personal morality of employees. Rather, it is to assure that no employee harasses another for any reason in the workplace. Violations of the Klaben harassment policy are prohibited and may result in Disciplinary Action.

**Sexual Harassment**

Unwelcome sexual advances, requests for sexual favors and other verbal or physical contact of a sexual nature constitute sexual harassment when:
1. Submission to such conduct is made either explicitly or implicitly a term or condition of an individual’s employment;

2. Submission or rejection of such conduct by an individual is used as a basis for employment decisions affecting such individual;

3. Such conduct has the purpose or effect of unreasonably interfering with an individual’s work performance or creating an intimidating, hostile or offensive working environment.

Sexual harassment may be verbal, physical, written or visual. Examples of sexual harassment may include, but are not limited to, verbal sexual comments, suggestive comments, repeated propositions, offensive sexual joking, display of sexually suggestive objects or pictures, sexually-oriented verbal comments about an individual’s body, offensive touching, patting or grabbing, and pressure for sexual favors in return for special treatment on the job. All such conduct violates this policy and is prohibited.

How to Report Incidents of Harassment

If an employee believes that he/she has been or is being harassed, he/she should consider speaking with the offender as he/she may not realize the behavior is offensive. If an employee is uncomfortable, for any reason, speaking with the offender, or if the offensive behavior continues, he/she should report the conduct immediately to the applicable supervisor or Human Resources Department. Adverse action will not be taken by Klaben against an employee who reports or participates in the investigation of a violation of this policy. No employee of Klaben shall punish or retaliate against another employee for reporting an incident of illegal harassment.

How We Will Investigate Complaints

Klaben will investigate claims of harassment thoroughly and promptly. If it is determined that a violation of law or Klaben policy has occurred, appropriate corrective action will be taken. Findings of assault or the threat of assault may result in termination as well as intervention by law enforcement. Complaints of harassment will be kept as confidential as practical. However, employees should be aware that, during an investigation of an alleged violation, the identities of associates involved might be disclosed in order to gather pertinent facts. Information will be release only on a “need to know” basis.
Retaliation Prohibited

Klaben will not subject an employee to retaliation because he/she has reported what he/she believes to be an incident of harassment. Also, it is prohibited for any employee to punish or retaliate against another employee for reporting an incident of illegal harassment or for assisting in an investigation concerning allegations of harassment. “Retaliation” includes disciplining, reassigning, lowering a performance appraisal or threatening or intimidating an employee because he/she complained about harassment or participated in an investigation concerning harassment. Retaliation, as defined, is prohibited and individuals engaging in retaliatory behavior will be subject to Disciplinary Action.

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 as required by 26 USC 60501 and money laundering statutes as required by 18 USC 1956.

Employee Responsibility

Every employee, whose position includes or may include the acceptance of payment from customers for products or services offered by Klaben, shall 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 in such a way as to avoid the cash reporting requirements. I understand that structuring transactions 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 and money laundering policies and procedures will result in immediate discipline, up to and including discharge, or other appropriate action. Discipline, if any, will be determined on a case-by-case basis after a review of relevant information.
SECTION 3
GENERAL EMPLOYMENT POLICIES

Employment Categories

The following employment categories define employment status and benefit eligibility at Klaben:

**Full-Time Employees**

Full-time employees are scheduled to work thirty plus (30+) hours weekly. 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 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 benefit programs.

**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. Temporary employees are ineligible for other benefits.

**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. Such confidentiality will be maintained in accordance with applicable legal and medical 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. With the approval of the Human Resources Department, management employees who have an employment related “need to know” may inspect another employee’s personnel file.
Employee Motor Vehicle Record

Introduction

It is the policy of Klaben to hire only those individuals with valid drivers’ licenses and acceptable driving records. A motor vehicle record inquiry will be made by the Human Resources Department prior to hire by Klaben. It is the ongoing responsibility of all Klaben employees 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 one of 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 suspension from work for the duration of the license suspension/negative insurability status or employment may be terminated. An employee’s job record, tenure and cost of offering modified duty may be determinative of whether employment is modified, suspended or terminated.

Duty to Report Suspension of License

If an employee’s drivers’ license is revoked or driving privileges are suspended by the State of Ohio (or other state), the employee must report the situation to his/her supervisor. The supervisor must then advise the Human Resources Department, and appropriate measures will be taken. Any employee who has lost his/her driver’s license and has not reported this to a supervisor 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 driver’s license is an essential tool for continued employment with Klaben.

Termination of Employment

Employment at Klaben may be terminated for reasons of discharge, resignation, retirement or reduction in the work force. Absent a written employment contract, Klaben employees are free to resign at any time and for any reason, and Klaben reserves the right to discharge employees at any time and for any reason consistent with the policy of employment “at will” practiced at Klaben. In the case of voluntary resignation, the employee is asked, as a courtesy, to give his/her supervisor written notice at least two weeks prior to the last day of employment.
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 or other written information issued to him/her, including but not limited to customer names and/or lists, dealership 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

Management has the option to rehire 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 90-day 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 seniority will not carry forward. The employee must continue his/her health insurance benefits from the previous employment through the use of COBRA regulations.

Waiver of Loss of Seniority

There will be a waiver of seniority loss if the rehire is within ninety (90) days of termination. The original hire date will then be utilized. Drug testing will be waived if the employee has had a test within the previous six (6) months of employment. If the employee is rehired within 90 days of termination, all benefits can be reinstated and effective the first of the month following the rehire date. The motor vehicle record requirement will not be waived.

Introductory Period for New Employees

For every new employee, the first ninety (90) days of full-time 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 ninety (90) days, job performance, attendance and attitude will be continually reviewed by the employee’s supervisor and other applicable management personnel. A minimum expectation of productivity (sales units, sales dollars, tasks completed, performance time, etc.) as set by the supervisor and/or other designated manager, will be required to be met in the first (90) days. After ninety (90) days, Klaben will then evaluate the employee’s performance to see if continued employment is in the best interest of both parties. However, every employee will remain an employee-at-will both during the introductory period and thereafter if employment is continued with Klaben.

If, as a result of illness or injury, an employee is absent from work for more than five (5) days during the ninety (90) day introductory period, Klaben will determine and give notice to the employee if the introductory period is extended.
SECTION 4

WORKPLACE STANDARDS AND EXPECTATIONS

Hours of Work

Hours of work vary by department and by position. The employee’s supervisor will set his/her specific work schedule including breaks and/or 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 applicable supervisor will advise the employee of any schedule changes.

Punctuality and Attendance

To maintain a productive work force, Klaben expects employees to be reliable and punctual in reporting for work. 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 manager 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 manager before leaving the building or premises. Failure to call in or report for three (3) consecutive days will be considered a voluntary resignation. Absences will be monitored by the employee’s supervisor.

Poor attendance and excessive tardiness are disruptive. Continual or excessive absences or tardiness may warrant Disciplinary Action.

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 should 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, personal leave, vacation or leave without pay 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.

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 is just as important as courtesy in person. The Klaben preferred initial responses to telephone calls are as follows:

For the Receptionist/Operator --

“Good morning (or afternoon/evening). Thank you for calling the Klaben Automotive Group. How may I direct your call?”

and

For all other employees --

“Good morning (or afternoon/evening). This is (employee name). How may I help you?”

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 Klaben facilities as well as the safety or Klaben employees is important. All Klaben property that can be secured with a lock, i.e. equipment, doors, files, desks and gates, should be locked when not in use. At the end of each day, all locks should be secured.

Klaben vehicles and any customer vehicles on the premises for service or other business purposes should be locked. Lost keys should be reported to the applicable supervisor. Each employee should check with his/her supervisor regarding specific security procedures pertaining to his/her position.

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, pistols, rifles, stun guns, Mace, etc., to the worksite or office. This applies even if the employee has a concealed-carry permit.

Neither threats of violence nor fighting will be tolerated. Furthermore, if an employee has a problem related to this policy 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 supervisors 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, up to and including termination.

No Solicitation Rule

Solicitations of any kind by employees while on working time are prohibited.

Additionally, distribution or acceptance of literature is prohibited while any employee is on working time and is also prohibited in any working area whether an employee is on working or non-working time. This rule includes distribution or acceptance of literature for all purposes including lotteries, raffles, charitable or political organizations, labor organizations, fraternal organizations and the like. Solicitation or distribution of literature by any person who is not an employee of Klaben is also prohibited.
Suggestions

Klaben welcomes innovation to foster continual progress and improvement at Klaben. If an employee has ideas or recommendations related to customer relations, employee morale, safety, sales, service or other facet of Klaben operations, he/she should put them in writing and forward to his/her supervisor. Suggestions are always welcome, and written suggestions are reviewed periodically.

Visitors

Personal visitors are discouraged from coming to the workplace during work hours.

Tools and Equipment

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

Each employee is responsible for the proper maintenance and handling of Klaben-owned tools and 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.

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, Disciplinary Action will be taken.

Disciplinary Action Defined
As used in the Handbook, the term “Disciplinary Action” includes (a) a verbal or written reprimand, (b) suspension without pay, (3) disciplinary probation and (4) termination of employment. The specific form of Disciplinary Action selected by Klaben will depend on the severity or frequency of the offense subject to discipline. It is within the sole discretion of Klaben to select the appropriate Disciplinary Action to be taken.

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 the “employment at will” policy.

Examples of Offenses Subject to Disciplinary Action
Offenses listed below and the Klaben policy to which they relate may be described in more detail elsewhere in the Handbook:

1. Extensive absenteeism or tardiness.
2. Dishonesty, including falsification of Klaben-related documents, customer-related documents or misrepresentation of any fact.
3. Fighting, disorderly conduct, horseplay or other behavior which is dangerous or disruptive.
4. 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.
5. Illegal manufacture, distribution, dispensation, sale, possession or use of illegal drugs or non-prescribed controlled substances.

6. Reporting for work with illegal drugs or non-prescribed controlled substances in an employee’s body.


8. Failure to promptly report a workplace injury or accident involving any Klaben employees, clients, equipment or property.

9. Willful neglect of safety practices, rules and policies.

10. Speeding or reckless driving on Klaben business.

11. Accumulation of points in a motor vehicle driving history resulting in an employee being uninsurable for Klaben driving purposes or higher insurance rates for Klaben.

12. Commission of a crime or other conduct which may damage the reputation of Klaben.

13. Use of profane language while on Klaben business or in front of customers.

14. Stealing, misappropriating or intentionally damaging property belonging to Klaben or its customers or employees.

15. Unauthorized use of Klaben or its customer name, logo, funds, equipment vehicles or property.

16. Insubordination, including failure to comply with any work assignments or instructions given by a Klaben supervisor with the authority to do so.

17. Violation of the Klaben Equal Employment Opportunity Policy or its Harassment Policy.

18. Interference with the work performance of other employees.

19. Failure to cooperate with an internal investigation, including, but not limited, to investigation of violations of rules and regulations set forth in this Handbook.

20. Failure to maintain the confidentiality of trade secrets or other confidential information belonging to Klaben or its customers.
21. Failure to comply with the personnel policies and rules of Klaben.

22. Failure to comply with Klaben policies and procedures on the sale of vehicles, finance & insurance and other products, parts and accessories and service.

23. Violations of health and safety policies including horseplay and/or unsafe handling of hazardous materials.

24. Pulling credit reports without customer authorization.


26. Violation of the Klaben Electronic Communications Policy.

27. Violation of the Cash Reporting and Money Laundering Policy.
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 should be kept on the job at all times.

2. Illness or any condition that interferes with the proper conduct of the employee’s job should be reported at once to the 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 must be reported and treated. Be sure to notify the supervisor.

5. Protective equipment should 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 promptly reported to the applicable supervisor.

7. Care must be taken when using compressed air. The nozzle should not be pointed at any person nor should compressed air 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 Material Safety...
Data sheet Booklet should be consulted about any questions or uncertainty.

9. All danger and warning signs should be observed by employees.

10. All applicable safety devices and safety equipment or clothing should be worn/used as directed.

11. Before operating any machinery, employees should check to ensure all guards provided are in place and in proper condition.

12. Employees should 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 should not be blocked.

14. Material should be stacked carefully so that it will not fall or collapse.

15. No electricity, gas, air or water should 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 should be worn at all times while operating Klaben or customer vehicles.

17. One employee should never distract other employees from their work especially when they are operating machinery.

18. Employees should 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 should 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 should 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. 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 as the result of his/her employment. If uncertain as to whether or not medical attention is needed, the employee should see his/her supervisor immediately. Similarly, if an employee becomes aware of any fellow employee who has been injured – he/she should immediately notify the applicable 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 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 applicable 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 immediately 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 immediate 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 applicable supervisor.
Failure to promptly report any accident (occurring to Klaben property or a Klaben or customer vehicle) will result in immediate termination.

**Employee Liability for Deductible**

In an accident where an employee is determined to be at fault, he/she is responsible for reimbursing Klaben for the amount of the insurance or the amount of the repair or replacement, whichever is less.

**Drug and Alcohol Testing After an Accident**

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

**Consequences of Employee Negligence**

If, after consideration of all relevant information, Klaben determines than an employee was negligent or reckless in causing damage to a Klaben or customer vehicle, the employee may be subject to Disciplinary Action and may be held liable for all costs related to the vehicle(s) damaged including the cost of necessary repairs.

**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 comply 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. Depending on the nature of his/her job, 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 of any kind is prohibited by law inside any Klaben facility. Smoking is also prohibited by Klaben policy anywhere on company premises. 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 well being of our employees. This commitment is jeopardized when any Klaben employee engages in the use, possession, sale, conveyance, distribution or manufacture of illegal drugs, 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 possess, sell, trade or offer for sale illegal drugs or otherwise engage in the illegal use of drugs on the job.

2. It is a violation of Klaben policy for any employee to use or be under the influence of illegal drugs or alcohol at anytime while on or using company property, conducting company business or otherwise representing the company.

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 perform any function of his/her job. Neither the name of the prescribed medication nor what the medication is for need 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 job-performance

Violations Subject to Discipline

Violations of this policy are subject to Disciplinary Action.

Supervisory/Management Responsibility Training

It is the responsibility of Klaben supervisors to counsel employees whenever they see changes in performance or behavior that suggests an employee may be under the influence of alcohol or other drugs. Although it is not the supervisor’s job to diagnose personal problems, the supervisor should encourage such employees to seek help and advise them about available resources for getting help.

Responsibilities of Co-Workers

All employees share responsibility for maintaining a safe work environment and should encourage co-workers who uses alcohol or other drugs in the workplace to seek help.

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 and deter employees from abusing drugs or alcohol. Klaben is committed to promoting and maintaining a drug free working environment for all its employees and to promoting and protecting the safety, health and well being of its employees:

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

2. Pre-Employment Testing II – Former employees, who voluntarily terminated their employment for a period of ninety (90) 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 Drug Testing – Employees will be tested if an accident 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 proscribed limits set by law, may forfeit any workers’ compensation benefits to which he/she may have otherwise been entitled.

4. Reasonable Suspicion Drug Testing – Employees will be tested when there is reasonable suspicion that an employee is using or has used drugs or alcohol.

5. Follow-Up Drug 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 tests to ensure no further violations of the policy. The cost of the test will be the responsibility of the employee.

6. Drug Testing Assurances -- Only certified drug 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. All confirmed positive test results will receive a professional medical review, which includes the opportunity for employees to explain the result. All information, interviews, reports, statements and drug test results, written or otherwise, are confidential communications, unless authorized by state of federal laws, rules or regulations.

Summary

The intent of this policy is to offer a helping hand to those who need it while sending a clear message that illegal drug use and alcohol abuse are incompatible with employment at Klaben.
SECTION 9
COMPENSATION POLICIES

Pay Days and Pay Periods

Klaben pays employees via check or direct deposit on a regular basis. Most employees are paid bi-weekly. Commission employees are paid a draw. Commissions are settled on a monthly basis. When a payday falls on a holiday, paychecks are disbursed no later than the next business day after the holiday. Paychecks or stubs are distributed by supervisors.

Pay days and pay periods may vary by department or location. The applicable supervisor should be consulted for details regarding the particular department. Any discrepancies in paychecks should be reported to the applicable supervisor or Payroll Administrator.

Timekeeping

Klaben uses a mechanical or electronic time clock to determine hours worked. Non-exempt employees must “clock in” upon arrival at work and punch out when upon leaving work. Without approval of the supervisor, an employee may punch in no earlier than ten (10) minutes before starting time, and may punch out no later than ten (10) minutes after his/her scheduled workday has ended. Employees must also punch in and out for meal periods.

The time clock is a necessary tool for compliance with labor laws. As such, all employees who are required to utilize a time clock must do so on a regular basis or be subject to Disciplinary Action. The employee’s supervisor or other authorized manager should be consulted regarding compliance with time-keeping procedures.

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 paycheck for the cost of these programs and benefits.

Klaben policy is that improper pay deductions for exempt salaried employees are prohibited. If a Klaben employee believes that his/her pay was improperly docked, the employee should contact his/her supervisor immediately. If it is determined that the pay deduction was improper, the employee will be reimbursed for the full amount of the deduction.
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, vacation, sick leave, personal leave or leave without pay, will not be counted as hours worked for purposes of calculating overtime.

Overtime will normally be paid on the payday for the period in which it is earned, providing time records have been properly prepared, approved and submitted. 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 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 his/her supervisor and other authorized managers 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 Klaben President or other authorized manager 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 holiday, personal leave, vacation and sick leave as opportunities for employees to take a break from the work routine, for personal business, to observe specially designated days commemorating national or religious events or holidays, or to recover from an illness or injury as the case may be. Abuse of attendance or leave policies will result in disciplinary action.

Vacation

Vacation benefits become available on an annual basis to full-time employees according to the policy of each work location. Employees should consult the applicable supervisor or other authorized manager for details regarding the vacation policy of his/her location.

Vacation qualification is based on the employee anniversary date (the date when employment began). Vacation benefits are only available at or subsequent to the employee anniversary date.

Salaried and hourly-wage employees will be paid for vacation at their regular rates of pay. Vacation pay for salespeople will be based on their average weekly pay for the previous year. Vacation pay for service technicians will be based on their average hourly production for the previous year. Vacation pay will be paid at the time vacation is taken, unless requested otherwise.

Requests for vacation must be submitted in writing to the applicable supervisor or other authorized manager at least thirty (30) days prior to the first day of absence. To ensure adequate staffing and to avoid scheduling conflicts, Klaben reserves the right to designate when vacations may be taken.

Unused vacation may not be carried over to the next calendar year.

Personal Days

Personal days become available after thirty (30) days of continuous employment. All full-time employees receive two (2) paid personal days per calendar year. Personal days may be taken for personal business or to observe national/religious events or holidays not observed at Klaben. Personal days must be taken in the year earned and are not eligible for carryover to the next year. Personal days should be scheduled as far in advance as possible. Requests must be submitted to the applicable supervisor in writing for approval.
Personal leave pay for each day used by non-salaried employees is paid according to the following formula:

\[(\text{Prevailing minimum wage}) \times \left(\text{average weekly hours worked by the employee over the four (4) weeks immediately preceding the personal leave period}\right) \div (\text{five}) = \text{Daily personal leave pay}\]

**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. 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 ninety (90) days prior to the holiday to be eligible to receive holiday pay.

If a holiday falls during an absence for vacation or sick leave, holiday pay will be provided instead of the sick leave or vacation benefit. If a holiday falls on a Saturday or Sunday, the observed day will be announced to all employees prior to the holiday weekend.

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. Holiday pay does not count towards hours worked for overtime purposes.
Sick Leave

Klaben provides paid sick leave to all full-time employees for periods of temporary absence due to illness or injury. The applicable supervisor may require an employee to submit a medical certification from his/her doctor for any absence of more than two (2) days. Sick leave benefits begin after ninety (90) days of employment for new hires. Sick leave is granted on an annual basis – using the calendar year. Each employee is granted three (3) sick days per year. If the sick days are not utilized by December 31 of the years granted, then the employee loses the sick time not used. There is no carryover of sick leave from year to year. No pay will be given for unused sick days.

Sick leave pay for each day used by non-salaried employees is paid according to the following formula:

\[(\text{Prevailing minimum wage}) \times (\text{average weekly hours worked by the employee over the four (4) weeks immediately preceding the sick leave period}) \div (\text{five}) = \text{Daily sick leave pay}\]

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 sick leave, vacation days or personal days.

Family and Medical Leave Act Policy

Under the Family Medical Leave Act (FMLA), an employee is eligible for family leave if he/she has worked for Klaben for a total of twelve (12) months and for at least twelve hundred fifty (1,250) hours of service during the previous twelve (12) month period. If eligible, an employee is entitled to a total of twelve (12) work weeks of leave during a twelve (12) month period for any of the following reasons: (a) birth of a child; (b) placement of an adopted or foster child; (c) care of a spouse, child or parent (“immediate family member”) who has a serious health condition; or (d) if the employee cannot work because of his/her own serious health condition.

“Serious health condition” is defined as an illness, injury, impairment or physical or mental problem that requires (a) inpatient care; (b) more than three (3) days of absence and continuing treatment by a health care provider or (c) certain chronic or long-term conditions. The twelve (12) month period within which an employee is entitled to take FMLA leave is a rolling period measured backward from the date of use of any family leave.
An employee may also take all or part of his/her twelve (12) week FMLA leave to address certain “qualified exigencies” if his/her spouse, child or parent is called to active military duty. Qualified exigencies may include (a) arrangements for short-notice deployment, (b) attendance at military events and related activities; (c) arranging for childcare and school activities; (d) making financial and legal arrangements; (e) counseling; (f) rest and recuperation; (g) post-deployment activities and (h) additional activities not included in other categories but mutually agreed to by Klaben and the employee.

FMLA also includes a special leave entitlement that permits eligible employees to take up to twenty-six (26) workweeks of leave in a single twelve (12) month period to care for a covered service member with a serious illness or injury incurred while on active duty. The employee must be the covered service member’s spouse, child, parent or next of kin.

FMLA leave is unpaid. However, an employee is required to use any accrued vacation, sick or personal time at the beginning of the leave. The use of this paid time off is a substitute for and is not in addition to the unpaid FMLA leave. Any disability leave or absence and/or Workers’ Compensation leave of absence will run concurrently with the employee’s FMLA leave.

Employees requesting leave may, under certain circumstances, be permitted to take the leave on an intermittent basis or through reductions in their normal working hours. If leave is taken on an intermittent or reduced schedule basis, the twelve (12) weeks of leave to which the employee is entitled will be reduced only by the amount of leave actually taken. An employee must try to arrange doctor’s visits, physical therapy, treatment or other appointments on a schedule that does not conflict with his/her work schedule unless the applicable health care provider determines that there is a medical necessity for a particular treatment date/time.

If the need for leave is foreseeable, the employee must provide at least thirty (30) days advance notice before commencement of leave. If it is not practicable to give at least thirty (30) days advance notice before commencement of leave, the employee is required by law to respond to a request from Klaben to explain why it was not practicable to give thirty (30) days notice.

An employee may be required to support a request for FMLA leave with timely certification by the relevant health care provider or, for military leave, by the appropriate military authority. Re-certification may also be required. For medically related leaves, the opinion of a second health care provider designated or approved by Klaben may be required. Failure to submit timely certification may result in a delay or denial of a leave request. Submission of medical certification will be required to be submitted at the end of a leave for an employee’s own serious health condition to demonstrate that he/she is fit for duty and able to return to work.
Upon return from the leave, an employee is entitled to be restored to the position he/she held when the leave began or to an equivalent position with equivalent benefits, pay and other terms and conditions of employment. An employee taking such leave will not lose any employment benefits accrued prior to the commencement of the leave. However, no benefits will accrue during the period of the leave.

An employee is not allowed to accept employment or perform outside work with another company while he/she is on approved FMLA leave.

During an FMLA leave, Klaben will continue to make its employer contribution for the employee’s coverage under any group health plan in which he/she is enrolled. Similarly, the employee will be required to continue to pay any portion of health plan premiums he/she paid prior to the family leave. If the employee does not submit payment of his/her employee contribution to the health insurance, he/she will receive notice of fifteen (15) days to submit his/her payment. If payment is not received in fifteen (15) days, the applicable medical insurance may be discontinued.

If an employee is able to return to work after the leave period but chooses not to do so, Klaben can require reimbursement of the cost of its contribution toward that employee’s health insurance coverage.

**Bereavement**

Upon notice to the applicable supervisor, full-time employees may be granted three (3) days unpaid leave for a death in the employee’s immediate family. Immediate family includes the employee’s spouse, child, step-child, parents, step-parents, sister, step-sister, brother, step-brother, grandparents or parents-in-law. Other arrangements can be made with the applicable supervisor for longer periods of qualified paid leave if possible.

**Jury Duty**

Klaben will provide employees unpaid leave to serve on jury duty. If available, vacation or personal 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.
SECTION 11

BENEFITS

Introduction

Klaben offers an array of benefits, including medical, dental, life insurance and retirement plans. As these program levels change periodically, employees should seek information from the Human Resources Department, applicable supervisor, other authorized managers or the Klaben website (www.klaben.com) for the most current benefit offerings.

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.

Training must be directly related to the employee’s then current position, taken at an accredited educational institution, and approved in advance by the applicable supervisor or other authorized manager. Eligible expenses include tuition, books and registration fees. Requests for training and education expense reimbursement should be submitted to the Human Resources Department. Upon such request, the employee will be given a copy of an “Agreement” to be executed prior to payment by Klaben for any training which sets forth the details of this benefit.

If an employee terminates his/her employment less than three (3) years after completion of training for which Klaben contributed toward tuition for a course, the employee shall reimburse Klaben for his/her training and education expenses paid by Klaben according to the following schedule (as described in more detail in the Agreement):

<table>
<thead>
<tr>
<th>Period in which employment ends</th>
<th>Proportion of Training Fees Payable to Klaben</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within 12 months of completion of training</td>
<td>100%</td>
</tr>
<tr>
<td>From 12 months – 24 months of completion of training</td>
<td>50%</td>
</tr>
<tr>
<td>From 24 months – 36 months of completion of training</td>
<td>25%</td>
</tr>
<tr>
<td>From 36 months on</td>
<td>None</td>
</tr>
</tbody>
</table>

Compensation for time spent at off-site training may also be provided in accordance with your regular pay rate. This depends upon your position. Contact the Human Resources Department for more details.
Employee Discounts

Parts and Service Discounts

An employee may purchase parts for his/her personal vehicles at wholesale 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.

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.

Status of Benefits at Termination

If an employee terminates his/her employment with Klaben, benefits are generally canceled as of the last day of employment. However, as a terminated employee, he/she may have rights and responsibilities under the employee benefit programs. Health plans are subject to continuation provisions under 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, vacation cannot be used to extend length of service.

Compensation for sick leave balances and personal days is not payable upon termination.

Upon termination of employment, employees are required to pay off any outstanding dept to Klaben and to turn in any Klaben 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 paycheck will be issued to the employee in accordance with state law.
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 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 strictly forbidden.

Periodically, as a condition of continued employment, employees are required to disclose any potential conflicts of interest via the Conflict of Interest Statement available from the Human Resources Department. 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, 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 applicable supervisor.

**Outside Employment**

Klaben expects each employee to devote his/her full attention and energy to the job. Klaben acknowledges that an employee undertaking additional employment is common practice. 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 than 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

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

Customer Prospect Information and Customer Lists

- Contract and contract negotiations
- Marketing and advertising budgets and plans
- Strategic business plan

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 terms and conditions of such licenses

Employee Information

- Personnel files
- Wages and wage planning information, compensation, benefits and earnings information
Performance appraisals, employee development information, employee evaluations and tests
Investigative files and background information
Succession planning information

Confidential Health Information Relating to the Dealership’s Employees

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, consult the applicable supervisor, or 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.

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. 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 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.

Klaben recognizes that employees may find it necessary to make a phone call while driving in an emergency situation, such as calling the police, fire or medical authorities. Employees should take particular care to ensure that they drive safely in such situations.

**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. Excessive 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.

**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 available to certain employees.

**Standards of Conduct to be Observed**

Email, voice mail, text-messaging and Internet communication is 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, marital status, military status, ancestry, national origin, physical or mental disability, age, pregnancy or related illness occurring during pregnancy or childbirth.
In general, employees should use the information systems for Klaben business only. The information systems are not to be used to solicit others for commercial ventures, religious or political causes, outside organizations or other non-job related solicitations.

Employees should not attempt to gain access to another employee’s personal file of email, voice mail or text-messages without the latter’s express permission.

**Examples of Violations of Policy**

Employees should 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 may not transmit libelous or harassing communications or communications which could be considered unfair competitive practices. Remember that the message you post to a mailing list or news group, or even send 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’s 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.

Rights of Management to Inspect Klaben Electronic Systems Content and Use

Notwithstanding the policies set forth elsewhere in this Section, Klaben management reserves the right to enter an employee’s email, voice mail, text-messages or Internet files or transmissions relating to Klaben business or on Klaben-maintained electronic communications websites or email systems. All communication on electronic communications systems owned or paid for by Klaben are property of Klaben, and there is no expectation of privacy thereon.

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

At Klaben, employees are welcome to engage in conversations about Klaben businesses through social media. 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; and (c) to respect the individuals with whom he/she is interacting.

Social Media Defined

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

- Social networking sites (e.g., Facebook, MySpace)
- Professional networking sites (e.g., LinkedIn)
- Video and photo sharing websites (e.g., Flickr, YouTube)
- Blogging sites (e.g., Twitter, Blogger, 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.

Rules for Using Social Media

In regard to these types of social media, employees shall adhere to the following rules:

1. Social media must always comply with all state and federal laws.

2. Social media must always comply with all Klaben policies, e.g., confidentiality, duty of loyalty, noncompetition, respect for dignity, solicitation, media, harassment, access to records, copyright, trademark, Internet, e-mail and use of Klaben facilities. Employees shall only disclose publicly available information about Klaben.

3. Employees may identify themselves as employees of Klaben on a social media page if they are using the page for professional purposes. An employee’s professional social media page should not contain any material which may reasonably be considered offensive to any party.

4. An employee may provide links to Klaben websites or web logs provided that the employee’s social media page is professional and in no way degrades Klaben.

5. Klaben facilities/property may not be used to create or maintain a personal website or Web log. Klaben monitors the use of its facilities and equipment to ensure compliance with its policies.
Maintenance of an employee’s professional social media page for professional purposes at Klaben facilities is acceptable.

6. Klaben will delete from its website files, computer systems and storage media any unauthorized materials or materials disparaging to Klaben 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. At no time will any employee disparage Klaben, its officers, owners, customers or vendors. This policy extends to any public communication outside Klaben.

9. Klaben has the right to periodically monitor all content posted by employees on any social network site or social media page to ensure compliance with this policy.

10. Klaben may require an employee to refrain from discussing certain subjects and to withdraw certain posts from a Klaben blog 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.