



YOUR EMPLOYEE HANDBOOK

Revised on 9/9/2020

WELCOME!!

We are excited to have you as a part of our team and are pleased to provide you with this handbook that has been especially prepared for all employees of CARS Recon, Inc. This handbook explains the policies, procedures and many of the benefits of our Company. Please take the time to familiarize yourself with the contents of this handbook and direct any questions you have to your Manager.

The success of CARS Recon, Inc. is directly related to our operating as a team. We strive to ensure fair and equitable treatment of all employees and promote open communication. Our goal is to attract, motivate, develop and retain the best employees possible. Every job is essential to our success.

It is important to note that this handbook is intended to be a guide for Human Resources policy decisions and is not to be construed as a contract. This handbook does not create or confer any contractual rights. All employees of the Company are considered at-will employees and are employed for an indefinite period of time.

In addition to helping you understand employment policies, this handbook should provide you insight on CARS Recon, Inc.'s philosophy that forms the basis of these policies. Please keep your handbook in a convenient location so it can be used as a quick reference.

We wish you every success here at CARS Recon, Inc.

Sincerely,

Ron Hope
President/CEO

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**EMPLOYEE ACKNOWLEDGEMENT OF RECEIPT OF HANDBOOK
AND AT WILL RELATIONSHIP**

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INTRODUCTION

HANDBOOK SUMMARY

The information in this employee handbook is designed to acquaint employees with the Company and provide you information about working conditions, employee benefits and some of the practices affecting your employment. This handbook is not intended as an employment contract and should not be considered as such. It does not create or confer any contractual rights. Although we have made every effort, this handbook cannot anticipate every situation or answer every question about employment. Nothing in this handbook should be relied upon as a guarantee of certain privileges, working conditions or continued employment. Any compensation figures provided to an employee in annual or monthly terms are stated for the sake of convenience and are not intended to create a contract for any specific period of time.

These policies and procedures may be changed, interpreted, withdrawn, or added to by the management of the Company at any time, at the Company's sole discretion and without prior notice. We have done our best to correctly explain the policies, procedures, and benefits in all sections of this handbook. However, if these policies contain anything that disagrees with formal plans, including policy statements, legal documents, or state and federal laws, those formal documents and laws are the ones we will follow in the administration of our programs. Otherwise, any verbal or written statements contrary to what is stated in the handbook and employment application are disavowed and should not be relied upon by an employee.

COMPANY HISTORY

The "history" of CARS RECON, INC. is one of opportunity and flexibility. Since 2002 when CARS was organized, the Company has evolved to fit the demands of the auction industry's leaders as they have responded to changes in auto remarketing.

CARS (Capital Automotive Reconditioning Services) was established in 2002 when auction industry executives expressed a need for contract reconditioning services that met or exceeded the standards of commercial and institutional accounts. Ron Hope's background was perfectly suited for this task and with a supporting cast of friends from related auction and automotive backgrounds the nucleus of what has become CARS was formed.

Being sensitive to auto auction cycles, competitive demands and special needs helped CARS grow one location at a time. Whether the service needs be Detail oriented, Paint & Body or Mechanical, CARS has been able to provide support when needed.

The role of CARS is to enable auction management to focus on the complexities of running a large auction without worrying about reconditioning services - that is what CARS does - that is all CARS does - recondition cars & trucks.

GOALS AND VALUES

Mission:

At *CARS Recon, Inc.*, we seek to be associated with businesses interested in providing an employee-friendly workplace focused on continuous growth and improvement.

We think that you will find *CARS Recon, Inc.* people unique. We believe that work should be more than just a way to make a living. Rather, we think that our individual roles in the company should lead to our overall personal growth, fulfillment and enjoyment. It will be part of your responsibility to let us know if we're falling short of that goal. Although we strive for perfection, we know that we can always improve.

The goals and values at *CARS Recon, Inc.* are:

- We will always provide prompt, courteous and accurate services to our customers.
- We encourage promotion from within.
- We encourage participation by all employees in community and civic activities.
- We will always be courteous and respectful to our customers, vendors and each other.
- We strive to make valuable contributions to the success of our company.
- We strive to work together as a cohesive team.
- We are responsible for providing an environment of trust and open, honest communication.
- We will always be considerate of company expenses.
- We will always encourage each other and celebrate our success!

EQUAL EMPLOYMENT OPPORTUNITY

EQUAL EMPLOYMENT OPPORTUNITY POLICY

CARS Recon, Inc. adheres to a policy of equal employment opportunity (EEO). Our employment practices are without regard to race, color religion, creed, sex/gender, age, disability, genetic information, national origin, sexual orientation, gender identity, and military veteran status, and any other categories protected by applicable federal, state, and local anti-discrimination laws. Employees and applicants for employment will not be discriminated against on these foregoing bases in any employment decisions, including but not limited to recruitment, hiring, compensation, training and apprenticeship, promotions, transfers, layoffs, terminations, and all other terms and conditions of employment. All employment-related decisions are based solely on relevant criteria including training, experience, performance, and suitability. The work environment for all employees shall be free from all forms of discrimination, harassment, bullying and intimidation.

The Company is committed to administering all employment-related matters in accordance with the principle of equal opportunity. The Company also expects that each employee will abide by the EEO principles set forth in this handbook

Please report any perceived discrimination or harassment. It is our policy to investigate all reports of discrimination or harassment. Retaliation against any individual who reports or participates in an investigation due to reports of discrimination or harassment is absolutely prohibited.

If you believe you have been subjected to discrimination, harassment or retaliation, report the incident to your Manager or Human Resources immediately. If your Manager was involved in the matter, please report it to Human Resources. If the investigation finds misconduct constituting harassment, discrimination or retaliation, appropriate corrective action will be taken. Anyone found to have discriminated against or harassed anyone will be subject to disciplinary action, up to and including termination. Malicious, bad faith complaints of harassment, discrimination or retaliation or making false statements during an investigation will also result in disciplinary action, up to and including termination.

ANTI-HARASSMENT POLICY

It is the goal of the Company to provide a workplace free of tensions involving matters that do not relate to company business. The law does not permit and we will not tolerate harassment of employees by other employees, or by our customers or vendors. Likewise, we will not tolerate harassment of a customer or vendor by any employee of the Company.

This includes harassment because of race, color religion, creed, sex/gender, age, disability, genetic information, national origin, sexual orientation, gender identity, and military veteran status, and any other categories protected by applicable federal, state, and local anti-discrimination laws. Such conduct by an employee will result in corrective action, up to and including termination of employment.

While it is not easy to define precisely what harassment is, it includes any physical, verbal or visual conduct that creates an intimidating, offensive or hostile environment which interferes with work performance.

Such conduct becomes harassment when:

- submission to the conduct is explicitly or implicitly a term or condition of an individual's employment;
- submission to or rejection of this conduct is a basis for employment decisions;
- this conduct has the purpose or effect of substantially interfering with an individual's work performance, or creates an intimidating, hostile, or offensive work environment.

The following are some examples of conduct that may be considered harassment. This list is provided as a sample of inappropriate workplace harassment, but it is by no means all inclusive:

1. Verbal conduct such as epithets, derogatory jokes or comments, slurs or unwanted sexual advances, invitations or comments;
2. Visual conduct such as display or possession of derogatory and/or racially/sexually-oriented cartoons, clothing, drawings, posters, photographs or gestures;
3. Transmitting sexually suggestive, derogatory or offensive materials via company computers (e.g., email, internet) or accessing such information on the Internet while at work;
4. Physical conduct such as assault, unwanted touching, blocking normal movement or interfering with work because of sex, race or any other protected basis;
5. Threats and demands to submit to sexual requests or soliciting sexual favors as a condition of continued employment or in exchange for employment benefits or other favorable treatment; and,
6. Retaliation for having reported or threatened to report harassment.

Such behavior is unacceptable in the workplace itself and in other work-related settings such as business trips and social events with co-workers (whether or not the social event is sponsored by the Company). Such conduct by vendors or visitors to our Company also will not be tolerated.

Reporting Procedure

Any employee who believes that he or she is being harassed in violation of this policy should report the incident(s) to his or her Manager and to Human Resources. If your Manager was involved in or condoned harassment, you should report the matter to Human Resources. If you believe that you have been subjected to harassment, or observe harassment of another employee or customer, immediately tell the person displaying offensive behavior to stop. He or she may not be aware that his or her conduct is unwelcome or offensive. We encourage employees to address harassment directly when it occurs. However, this is not required. Also, immediately report any incident of harassment to a supervisor or manager AND Human Resources, even if you have discussed it directly with the individuals(s) involved. Please provide the following information when reporting harassment:

1. Date(s), time(s), and location(s) of the incident/incidences that took place;

2. Description of each incident: e.g., was any physical contact made?, what was said and/or done?, etc.:
3. Anyone with whom you've discussed the incident/incidences.

Each case will be promptly and confidentially investigated to determine whether prohibited harassment occurred. All investigations will be designed to protect the privacy of all parties concerned. Investigation of a complaint may include, but is not limited to, interviewing the complaining and accusing parties as well as other employees or customers necessary to obtain sufficient information upon which to make an assessment of the situation. While we will make every effort to be sensitive to privacy issues, in the course of an investigation we will discuss relevant information with appropriate parties on a need-to-know basis. Allegations that are substantiated will result in disciplinary action, up to and including termination, against the employee engaged in the harassment. Likewise, accusations made in bad faith will result in disciplinary action, up to and including termination, against the employee making the accusation.

DISABILITY AND RELIGIOUS ACCOMMODATION POLICY

In keeping with the spirit of the Americans with Disabilities Act and the religious discrimination provisions of Title VII of the Civil Rights Act, we will make appropriate accommodations for employees with qualified disabilities or religious needs requesting accommodations if they are reasonable and do not cause the Company or other employees undue hardship.

If you require accommodation for a medical condition or disability, contact your supervisor or Human Resources so we can evaluate if and how we may accommodate your needs. We will make every effort to handle your request for disability accommodation sensitively and to protect the confidentiality of the information you share with us.

If possible, we will allow time off without pay to observe religious holidays that is not otherwise company holidays. Requests for time off for bona fide religious observances will be considered on a case-by-case basis. So that we can reasonably accommodate your request, you must notify your supervisor of your request to take time off to observe a religious holiday at least three (3) weeks before the date of your planned absence. If vacation time is available, you may use it for the observance of such holidays, otherwise, such time off is without pay.

GENERAL EMPLOYMENT POLICIES

ORIENTATION

Every new employee will receive a general orientation within a reasonable time after beginning employment.

INTRODUCTORY PERIOD

The first 90 days of employment is an introductory period. All new hires and rehired employees work this introductory period. Any significant absence will automatically extend the introductory period by the length of the absence. If CARS Recon, Inc. determines that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specific period. The purpose of this period is to provide the new employee with an opportunity to become familiar with our Company and its expectations. It also provides an opportunity for us to evaluate your effectiveness in performing your job responsibilities. Any time during the 90-day probationary/introductory period that an employee's performance or conduct is not satisfactory, he/she may be discharged for any reason. Employment continues to be on an at-will basis following the probationary/introductory period.

PERSONNEL RECORDS

Personnel records are maintained for all employees as required by current employment laws at the Corporate Office. They are treated in a confidential manner. No information contained in the personnel files will be provided to anyone outside the Company unless employee permission is granted in writing, access is required by legal subpoena, information is provided in response to a simple employment verification request, or information is requested by authorized law enforcement agencies or local, state or federal agencies conducting official investigations or audits.

The employee is responsible for notifying his/her Manager as soon as possible of any change of name, address, telephone number, marital or dependent status, emergency contacts, beneficiary, and so forth. Failure to report such changes may result in loss of benefits for you and/or your dependents. Employees who routinely drive as part of their job must provide proof of their license to drive and subsequent renewals.

Consistent with Company policy of open communications, each employee has the right of reasonable and timely access to view personal information in his or her records. We will allow each employee to correct inaccurate information or informally express disagreement with the information retained in the records. Personnel files are the property of the Company and, therefore, cannot be removed from the office in which they are maintained.

The internal availability of personal information is strictly limited to members of management with a clear "need to know."

IMMIGRATION LAW COMPLIANCE

All employees will be required to provide proof of work eligibility and identification and must complete an I-9 form. All offers of employment will be conditioned on providing proof of work eligibility and identification within three (3) business days from the date of employment.

Failure to provide proof within three business (3) days of your date of employment will result in immediate termination.

CLASSIFICATION OF EMPLOYEES

For purposes of determining whether an employee is potentially entitled to overtime pay, positions are classified as either exempt or non-exempt according to criteria set forth in the Federal Fair Labor Standards Act and applicable state laws. A position's status is determined in conformance with these laws based on job duties performed, following regulatory guidelines.

Exempt (salaried) – Employees are in occupations that are executive, professional, technical, or sales oriented. Although “exempt” is the legal classification, we refer to such employees as “salaried.” Salaried employees are paid base salary and/or commissions for duties and responsibilities which are assigned to them; they are not paid an hourly rate or overtime pay.

Non-Exempt (hourly) – Are generally those positions which are not executive, professional, technical, or sales oriented. Non-exempt employees are paid on an hourly basis, including overtime pay when overtime is worked. Although “non-exempt” is the legal classification, we refer to such employees as “hourly.”

We also classify employees as:

Full-time employee – One who is employed on a regular basis and is classified as such on employment records. Full-time employees will usually work at least 30 hours a week on a continuing basis. Regular full-time employees who work a schedule of 30 hours per week will be eligible for employee benefits.

Part-time employee – One who is employed on a regular basis and is classified as such on employment records. Part-time employees will normally be scheduled to work fewer than 30 hours per week, although they may be scheduled to work additional hours during peak periods. Regular, part-time employees who are scheduled to work less than 30 hours per week will be eligible only for Worker's Compensation and FICA.

OFFICE HOURS

The offices of CARS Recon's Corporate office is open from 8:00 a.m. to 5:00 p.m. Central time, Monday through Friday. Work hours may fluctuate as approved by management.

TIME KEEPING

All hourly employees will be informed how and when to record time-in and time-out. Care must be taken in accurately recording your time since this is the information used to determine your pay.

These rules regarding the recording of your time must be followed:

- You must clock in and out each day using the timekeeping system provided.
- Under no circumstances may you record time or clock in/out for another employee.
- You will be paid for all work time properly recorded.
- You are not permitted to alter time records without approval from your Manager.

OVERTIME

All hourly employees are classified as non-exempt and are eligible to receive overtime compensation at the rate of one and one-half times his/her regular rate of pay for hours worked in excess of forty (40) hours each week in accordance with Federal law. Employees classified as executive, administrative, professional, or outside sales, as defined by the law, are exempt from overtime pay. Exempt employees' compensation is fixed irrespective of the number of hours required to complete the necessary work.

***Holiday pay, vacation pay does not count as hours worked in computing overtime. ***

You are expected to work necessary overtime when requested by your Manager. All overtime worked by non-exempt employees must be approved in advance by your Manager. Overtime hours worked without Management approval is a violation of policy and may result in disciplinary action. Employees who have not been authorized to work overtime are expected to begin and end work – and therefore clock in and out – as near to his/her scheduled work times as possible.

COMPLIANCE WITH WAGE AND HOUR LAWS

The Company is committed to compliance with the applicable wage and hour laws, including the Fair Labor Standards Act, and therefore prohibits the improper deduction of salary from exempt personnel. If you believe that a deduction has been made from your salary that is improper, please contact your manager. If it is determined that any inadvertent improper deduction has been made, the Company will promptly reimburse the amount of the deduction to the employee.

LUNCH AND REST/BREAK PERIODS

All full-time employees are provided with one meal period of 30 minutes in length each work day. Supervisors will schedule meal periods to accommodate operating requirements. Employees will be relieved of all active responsibilities and restrictions during meal periods and will not be compensated for that time.

ATTENDANCE AND TARDINESS

Employees are expected to work as scheduled by his/her Manager. When you have advance knowledge that you will be absent or late for work, your supervisor should be notified as far in advance as possible. You must call your supervisor immediately and inform them of the absence or tardiness. Text messages will not be acceptable forms of this communication.

All unapproved absences will be noted in your file. Excessive absences will result in loss of pay and/or disciplinary action up to and including termination. Absences of two (2) consecutive scheduled days without contacting your supervisor will be regarded as job abandonment and treated as a voluntary resignation.

All employees are expected to begin performing their job duties when their shift begins. If you are on the premises but engaging in non-work activities such as getting coffee, visiting, etc., after the beginning of the shift, you will be considered tardy. Excessive tardiness is defined as failing to be ready to begin job duties at the beginning of the shift or returning from breaks or lunch late more than three (3) times within a 12-month period. In all cases, honest and truthful reasons for tardiness or absences are expected to be given. Giving false reasons for tardiness or absence will result in corrective action up to and including termination of employment.

USE OF COMPANY TIME, PROPERTY AND TECHNOLOGY

The use of Company time, property or technology for purposes not directly related to company business is strictly prohibited. This includes, but is not limited to, sleeping on duty, watching TV, or promoting outside interests on company time/property. Personal use of company supplies and equipment or property without express approval from your supervisor is prohibited. Property includes tangible items like desks, computers, tools and equipment, and intangible property such as proprietary information. This includes computer equipment and software. It is our policy that email be used solely for the benefit of performing your duties on behalf of the Company. The email and other information systems are not to be used in any way that may be disruptive, offensive to others, or harmful to morale, nor may they be used to solicit others for any reason. To protect the Company's data and software, employees are prohibited from loading personal software onto company computers without the express permission of their supervisor. The Company reserves the right to inspect or access any equipment or communications made on or with Company equipment, such as emails, or information stored on Company computers at any time. There is no expectation of privacy with regard to the use of these systems.

ACCEPTABLE USE POLICY FOR IT RESOURCES

Use of IT resources by employees of CARS Recon, Inc. is permitted and encouraged where such use supports the goals and objectives of the organization. However, CARS Recon, Inc. has a policy for the use of IT resources whereby the employee must ensure that they:

- Comply with current legislation (i.e. Copyright/Content/Fraud Laws).
- Use email in an acceptable way.
- Do not create unnecessary fiscal or public risk to CARS Recon, Inc. by their misuse of IT resources provided by CARS Recon, Inc.

UNACCEPTABLE BEHAVIOR

- Use of CARS Recon, Inc. communications systems to set up personal businesses, send chain letters, or store excessive amounts of personal data.
- Forwarding of confidential CARS Recon, Inc. messages, memos and documents to external locations or parties.
- Distributing, disseminating, receiving or storing images, text or materials that might be considered offensive or abusive, in that the context is a personal attack, sexist or racist.
- Accessing copyrighted information in a way that violates the copyright.
- Accessing the system through an unauthorized use of a password/mailbox.
- Transmitting unsolicited commercial or advertising material.
- Deliberately undertaking activities that waste IT staff effort or resources. (Installing unauthorized programs that use CARS Recon, Inc. IT resources.)
- Introducing any form of computer virus, worm, or malware into the corporate network.

MONITORING

CARS Recon, Inc. accepts that the use of IT resources is a valuable tool. However, misuse of this facility can have a negative impact upon productivity and the reputation of CARS Recon, Inc. The Company reserves the right to police IT resources. Additionally, it is understood that company email resources are provided for business purposes.

Therefore, consistent with applicable law, CARS Recon, Inc. maintains the right to examine any device, including personal computers and electronics, that is or has been physically connected to the CARS Recon, Inc. network, via wire or wireless link, at CARS Recon, Inc. and inspect any data recorded in those systems. Devices that access the network solely via logged and user-verifiable (VPN, RDP) means are exempted from inspection.

In order to ensure compliance with this policy, CARS Recon, Inc. also reserves the right to use monitoring software and hardware to verify the use and content of emails that pass through or are stored on CARS Recon, Inc. network and our network subcontractors. Such monitoring is for legitimate purposes only and will be undertaken in accordance with a procedure agreed with employees.

Failure to comply with these guidelines will result in disciplinary action, up to and including dismissal.

PHONE USAGE

Personal use of Company telephones is strictly prohibited. Employees will be required to reimburse the Company for any charges resulting from personal telephone usage.

Some employees are provided with a Company cell phone that is to be used for business purposes only such as communicating with management, other employees, and CARS Recon, Inc. The Company will monitor on a regular basis to ensure appropriate usage. If an employee exceeds allotted data usage based on personal use of the phone, the employee will be required to reimburse the Company for such overage, as a term and condition of employment, consistent with federal and state law.

Employees must return Company-issued cell phones, upon demand, in proper working condition (subject to normal wear). If an employee fails to return a Company phone in such condition, the employee consents to appropriate payroll deduction, as a term and condition of employment, consistent with federal and state law.

SURVEILLANCE/CAMERAS POLICY

Restrictions on Employee Camera Use:

1. Employees are prohibited from bringing cameras or other visual recording devices into areas where patient or client privacy may be compromised.
2. Employees are prohibited from bringing cameras or other visual recording devices into areas and/or meetings where company trade secrets or proprietary business information could be disclosed.

3. Employees may record workplace activities that are not prohibited by law or do not compromise confidential information as described above.

Company Monitoring:

CARS reserves the right to install security cameras in work areas for specific business reasons, such as security, theft protection or protection of proprietary information.

1. CARS may find it necessary to monitor work areas with security cameras when there is a specific job- or business-related reason to do so. The Company will do so only after first ensuring compliance with applicable state and federal laws.
2. Video surveillance may occur by auction-owned camera and/or CARS-owned cameras in shops, offices, and breakrooms. Employees do not have any expectation of privacy in these areas.
3. Employees should contact their supervisor or the human resource (HR) department if they have questions about this policy.

TIME OFF

HOLIDAYS

Consistent with state law, paid holidays recognized by the Company include, but are not limited to:

- Memorial Day
- Independence Day
- Thanksgiving Day
- Christmas Day

Full-time employees will become eligible for holiday pay after completing 90 days of full-time employment. Regular full-time employees, those who work on average at least 30 hours per week, will be paid 8 hours of holiday pay. To be eligible for holiday pay, you must work your normal scheduled workday the day before and the day after the holiday unless prior arrangements have been made with your supervisor. Employees working on a paid holiday will have the time counted as regular (non-overtime) hours of work, in addition to being paid for the holiday. Holiday pay is paid out at your state's minimum wage.

VACATION

We believe that all employees should take a vacation away from the workplace each year. Therefore, we provide full-time employees vacation time based on your years of service. Our vacation policy is on an allotted system. The schedule (based upon continuous or combined service) is provided below:

Full-time Employees	Vacation per Calendar Year
After 1 year	5 days
After 2 years	10 days
After 5 years*	15 days

Vacation time is paid out at your state's minimum wage. It can be used in a minimum increment of one (1) day (except when used in conjunction with FMLA leave). Your vacation should be scheduled as early as possible to avoid conflicts. Requests will be reviewed based on company factors which include the business needs and staffing availability. Changes may be made to the schedule with the approval of your manager.

All vacation time must be taken within the current anniversary year (use it or lose it) (except in Colorado). Failure to do so will result in the loss of vacation time. Vacation weeks cannot be taken consecutively.

Employees will receive their unused accrued vacation time upon termination based on Company policy and state law. If termination is based upon misconduct or violation of Company policy, unused vacation will be forfeited, consistent with applicable law.

A special provision also applies in unusual situations: The Company reserves the right, in states where it is lawfully permitted, to not pay employees accrued vacation upon separation if, in the Company's discretion, it determines that there are adverse circumstances, such as a pandemic or other natural events or disasters, under which paying accrued vacation would impose an economic burden on the Company that would undermine its ongoing operations.

*Employees who accrued higher vacation amounts based on longer service prior to the 2020 revision of this policy will continue to accrue at the higher amounts.

LEAVES OF ABSENCE

Eligibility for leave will be determined in accordance with applicable state and federal laws. Sick leave and/or short-term disability benefits may be available to eligible employees for non-work-related disabilities. Additionally, unused vacation may be used for all or part of the employee leave period at the Company's discretion. Paid leave will be counted toward the total three-month period. When foreseeable, (e.g., for childbirth or elective surgery), you are required to give at least 30 days written advance notice prior to taking a leave.

Unforeseeable circumstances do not require 30 days advance notice. In such case, you must give notice as soon as practicable. Failure to give timely notice may affect your ability to take leave as requested.

You must notify your Manager as soon as possible of your expected return to work. Generally, when possible, employees returning within three (3) months will be returned to his/her same position or an equivalent position with the same rights, benefits, pay and other terms and conditions that existed prior to the leave. Modified duty may be available with a physician's written release stating physical limitation. If your medical leave extends beyond three (3) months, your return to work following disability will be limited to availability.

During the unpaid leave, employees retain the same medical and dental coverage and still contribute the same amount toward medical benefits as paid before the leave began. If the premiums are not received by the due date, coverage may be terminated consistent with applicable law.

FAMILY AND MEDICAL LEAVE ACT (FMLA)

All leaves of absence will be reviewed for eligibility under the Family and Medical Leave Act of 1993 (FMLA). The FMLA provides up to 12 weeks of leave for specific situations. To be eligible, you must be employed by the Company for at least 12 months and have worked at least 1,250 hours in the 12-month period immediately preceding commencement of the leave (with certain exceptions for persons who have been on military leave).

TO APPLY FOR A FMLA LEAVE, SEE YOUR SUPERVISOR IMMEDIATELY OR CONTACT HUMAN RESOURCES. REQUIRED PAPERWORK MUST BE COMPLETED AND RETURNED TO THE CORPORATE OFFICE.

Qualifying for Family Medical Leave

Family medical leave is available under the following circumstances:

- the care of your child (birth or placement for adoption or foster care) from birth to 12 months;
- the care of your spouse, child or parent who has a serious health condition;
- a serious health condition that prevents you from performing the essential functions of your job (including work-related duties).

Serious health condition is defined as any injury, illness or impairment that involves:

- Inpatient care (overnight stay) in a hospital, hospice, or residential medical care facility; or
- Continuing treatment by a health care provider which includes:
 - inpatient care involving an overnight stay in a hospital, hospice or residential medical care facility; or

- a period of incapacity of more than three consecutive calendar days that also involved in-person treatment two or more times within 30 days of the first day of incapacity with the first visit occurring within seven (7) days of the first day of incapacity; or
- a period of incapacity of more than three (3) consecutive calendar days that also involves in-person treatment by a healthcare provider on at least one occasion within seven (7) days of the first day of incapacity and with results in a continuing regimen of treatment; or
- an incapacity resulting from pregnancy or for prenatal care; or
- any period of incapacity for a chronic, serious health condition requiring at least two visits per year for treatment by a healthcare provider which continues over an extended period of time and may cause episodic rather than a continuing period of disability (ex. asthma, diabetes, epilepsy, etc.); or
- a period of incapacity which is permanent or long term due to a condition for which treatment may not be effective, but where the employee or family member is under the continuing supervision of a healthcare provider such as Alzheimer's, severe stroke, or the terminal stages of a disease.
- an injury or illness that existed before the start of a military service member's active duty and was aggravated by service in the line of duty on active duty in the Armed Forces

Military Family Leave

In addition, the FMLA also provides for military family leave under certain circumstances:

- Up to 12 weeks of leave for certain qualifying exigencies arising out of a covered-military members active-duty status, or notification of an impending call or order to active-duty status, in support of a contingency operation; and
- Up to 26 weeks of leave in a single 12-month period to care for a covered-service member recovering from a serious injury or illness incurred in the line of duty on active duty.

Covered active duty means:

- for members of the Regular Armed Forces, duty during deployment of the member with the Armed Forces to a foreign country; or
- for members of the Reserve components of the Armed Forces (members of the National Guard and Reserves), duty during deployment of the member with the Armed Forces to a foreign country under a call or order to active duty in support of a contingency operation

Military Caregiver Leave

An employee is eligible up to a total of 26 workweeks of unpaid, job-protected leave during a "single 12-month period" to care for a covered military service member with a serious injury or illness. The employee must be the spouse, son, daughter, parent, or next of kin of the covered service member.

A covered service member is either:

- a current member of the Armed Forces (including a member of the National Guard or Reserves) who is undergoing medical treatment, recuperation, or therapy, is in outpatient status, or is on the temporary disability retired list, for a serious injury or illness, or
- a veteran of the Armed Forces (including the National Guard or Reserves) discharged within the five-year period before the family member first takes military caregiver leave to care for the veteran and who is undergoing medical treatment, recuperation, or therapy for a qualifying serious injury or illness.

For a current service member, a serious injury or illness is one that may render the service member medically unfit to perform his or her military duties. For a veteran, a serious injury or illness is one that rendered the veteran medically unfit to perform his or her military duties, or an injury or illness that qualifies the veteran for certain benefits from the Department of Veterans Affairs or substantially impairs the veteran's ability to work. For veterans, it includes injuries or illnesses that were incurred or aggravated during military service but that did not manifest until after the veteran left active duty.

Employee Notice

The Human Resources Manager should be notified as soon as you are aware that FMLA leave is appropriate for your situation. You must provide the company with at least 30-days' advance notice before your FMLA leave is to begin if the need for your leave is foreseeable. If 30-days' notice is not practical because you lack knowledge of approximately when the leave will begin, or because of a change in your circumstances or medical emergency, you must give notice as soon as practicable. It should be possible for you to provide notice to the Company either on the same day or the next business day following your becoming aware of the need for FMLA leave. Your notice should include the reason why leave may be needed as well as the anticipated timing and duration of your leave. Failure to provide notice of foreseeable leave at least 30 days in advance or for unforeseeable leave as soon as practicable may delay FMLA protected leave for the period of any delay in providing notice.

You are responsible to respond to the Company's questions which are necessary to determine whether your leave qualifies under the FMLA. Failure to respond to these inquiries from the Company may result in the denial of FMLA protection if the Company is unable to determine whether the leave qualifies under the FMLA. While on FMLA leave, you must comply with the Company's usual and customary notice and procedural requirements regarding requesting leave absent unusual circumstances. You may be required, for example, to contact a specific individual on a regular basis regarding your absence.

Medical Certification

Once you give your notice to the Company, the Company may require you to provide a medical certification to support the need for your leave. In the event your required medical certification is incomplete or insufficient, the Company will specify to you in writing what information is lacking and give you seven calendar days to cure the deficiency. If the deficiencies specified in this notice are not cured in a resubmitted certification, the Company may deny the taking of FMLA leave. The Company may also require second or third opinions (at its expense) and a fitness for duty report to return to work.

Length of Leave

Generally, a leave of absence for injury, illness or pregnancy will be limited to the period of disability not to exceed 12 weeks. Under the FMLA you are entitled to leave as long as a physician (or other legally qualified health care provider) certifies that your condition (or the condition of your family member) necessitates your absence up to a maximum total of 12 weeks within a 12-month period. These 12 weeks include vacation and other paid time (e.g., short-term disability or Worker's Compensation) taken while on FMLA. For example, if you have 10 days' vacation at the time your FMLA leave begins, the first two weeks of your FMLA leave will be with pay and eight (10) weeks will be without pay for a total FMLA leave of 12 weeks.

Leave is tracked according to a 12-month rolling period. Except as provided below, the 12-month period we use for tracking FMLA leave looks backward 12 months from the date any leave is taken.

Intermittent Leave

If your or your family member's condition requires only periodic treatment (e.g., chemotherapy or dialysis), you may request FMLA leave on an intermittent basis. Intermittent leave can be taken in hourly increments and will be counted toward the 12-week allotment in the increments taken (12 weeks = 480 hours, or a prorated portion for part-time employees).

Scheduling Planned Medical Treatment.

When scheduling planned medical treatment under the FMLA, you must consult with the Company and make a reasonable effort to schedule your treatment so as not to unduly disrupt the Company's operations. Where possible, you should consult with the Company prior to the scheduling of treatment in order to work out a treatment schedule which best suits both your needs and the needs of the Company. Any intermittent leave for medical treatment or leave on a reduced leave schedule must be medically necessary due to a serious health condition or serious injury or illness and you must advise the Company upon request that the reasons why the intermittent/reduced leave schedule is necessary and of the schedule for treatment.

Return to Work

If you return from leave prior to exhausting your FMLA eligibility, you will be reinstated to the same or a substantially similar position with similar duties, pay, benefits and other employment terms as that which you held at the time you went out on leave. If you are not released to return to work within by the time your FMLA leave expires, you may request a personal leave of absence.

Key Employees

The Company reserves the right to deny leave reinstatement to key employees, where such denial is necessary to prevent substantial and grievous economic injury to the Company's operation. Key employees will be notified of their status as a key employee and the potential consequences at the time FMLA leave is requested. The employee will then be notified by the Company as soon as it determines that a substantial and grievous economic injury would result from reinstatement. Key employees are defined as the highest-paid ten percent of employees within a seventy-five-mile radius of the facility where employed.

The following additional information about the FMLA is provided by the US Department of Labor:

**EMPLOYEE RIGHTS UNDER THE FAMILY & MEDICAL LEAVE ACT
THE UNITED STATES DEPARTMENT OF LABOR WAGE AND HOUR DIVISION**

Leave Entitlements

Eligible employees who work for a covered employer can take up to 12 weeks of unpaid, job-protected leave in a 12-month for the following reasons:

- The birth of a child or placement of a child for adoption or foster care;
- To bond with a child (leave must be taken within 1 year of the child's birth or placement);
- To care for the employee's spouse, child, or parent who has a qualifying serious health condition;
- For the employee's own qualifying serious health condition that makes the employee unable to perform the employee's job;
- For qualifying exigencies related to the foreign deployment of a military member who is the employee's spouse, child, or parent.

An eligible employee who is a covered service member's spouse, child, parent, or next of kin may also take up to 26 weeks of FMLA leave in a single 12-month period to care for the service member with a serious injury or illness.

An employee does not need to use leave in one block. When it is medically necessary or otherwise permitted, employees may take leave intermittently or on a reduced schedule.

Employees may choose, or an employer may require, use of accrued paid leave while taking FMLA leave. If an employee substitutes accrued paid leave for FMLA leave, the employee must comply with the employer's normal paid leave policies.

Benefits & Protections

While employees are on FMLA leave, employers must continue health insurance coverage as if the employees were not on leave.

Upon return from FMLA leave, most employees must be restored to the same job or one nearly identical to it with equivalent pay, benefits, and other employment terms and conditions.

An employer may not interfere with an individual's FMLA rights or retaliate against someone for using or trying to use FMLA leave, opposing any practice made unlawful by the FMLA, or being involved in any proceeding under or related to the FMLA.

Eligibility Requirements

An employee who works for a covered employer must meet three criteria in order to be eligible for FMLA leave. The employee must:

1. Have worked for the employer for at least 12 months; and
2. Have at least 1,250 hours of service in the 12 months before taking leave.

Requesting Leave

Generally, employees must give 30-days' advance notice of the need for FMLA leave. If it is not

possible to give 30-days' notice, an employee must notify the employer as soon as possible and, generally, follow the employer's usual procedures.

Employees do not have to share a medical diagnosis but must provide enough information to the employer so it can determine if the leave qualifies for FMLA protection. Sufficient information could include informing an employer that the employee is or will be unable to perform his or her job functions, that a family member cannot perform daily activities, or that hospitalization or continuing medical treatment is necessary. Employees must inform the employer if the need for leave is for a reason for which FMLA leave was previously taken or certified.

Employers can require a certification or periodic recertification supporting the need for leave. If the employer determines that the certification is incomplete, it must provide a written notice indicating what additional information is required.

Employer Responsibilities

Once an employer becomes aware that an employee's need for leave is for a reason that may qualify under the FMLA, the employer must notify the employee if he or she is eligible for FMLA leave and, if eligible, must also provide a notice of rights and responsibilities under the FMLA. If the employee is not eligible, the employer must provide a reason for ineligibility. Employers must notify its employees if leave will be designated as FMLA leave, and if so, how much leave will be designated as FMLA leave.

EMPLOYEES WITH LIFE-THREATENING ILLNESSES

Employees with life-threatening illnesses such as cancer, heart disease, and AIDS often are able to continue working with minimal impact on the workplace. We support the efforts of such employees and will provide reasonable accommodation whenever possible as long as the employee is able to perform his or her essential job functions.

FUNERAL LEAVE

CARS Recon, Inc. provides time off with pay to travel, attend the funeral and grieve following a death in your immediate family. Immediate family includes parents, spouse, children, brothers, sisters, mothers- or fathers-in-law, grandparents or grandchildren. If you find it necessary to be off longer than 3 days, personal leave may apply if approved.

JURY DUTY

The Company supports employees called to fulfill his/her civic duty to serve on a jury. You must provide your Manager with a copy of your jury summons as soon as possible after receiving the summons. Your regular salary will continue for each day served. When you return to work you should provide your Manager with verification from the court of the number of days served and the amount that you were paid for each day. Employees will be compensated for jury duty if required by state law. Regular full-time employees may request up to 4 weeks of paid jury duty leave over any a one-year period. If an employee exceeds the period of paid jury duty leave, they use any available vacation or request unpaid time off.

If you are released from jury duty with at least four (4) hours remaining in your regular workday, you should return to work for the remainder of the day.

MILITARY LEAVE

Your Rights Under USERRA

A. The Uniformed Services Employment and Reemployment Rights Act

USERRA protects the job rights of individuals who voluntarily or involuntarily leave employment positions to undertake military service or certain types of service in the National Disaster Medical System. USERRA also prohibits employers from discriminating against past and present members of the uniformed services, and applicants to the uniformed services.

B. Reemployment Rights

You have the right to be reemployed in your civilian job if you leave that job to perform service in the uniformed service and:

- you ensure that your employer receives advance written or verbal notice of your service;
- you have five years or less of cumulative service in the uniformed services while with that particular employer;
- you return to work or apply for reemployment in a timely manner after conclusion of service; and
- you have not been separated from service with a disqualifying discharge or under other than honorable conditions.

If you are eligible to be reemployed, you must be restored to the job and benefits you would have attained if you had not been absent due to military service or, in some cases, a comparable job.

C. Right to be Free from Discrimination and Retaliation

If you:

- are a past or present member of the uniformed service;
- have applied for membership in the uniformed service; or
- are obligated to serve in the uniformed service;

then an employer may not deny you:

- initial employment;
- reemployment;
- retention in employment;
- promotion; or
- any benefit of employment.

because of this status.

In addition, an employer may not retaliate against anyone assisting in the enforcement of USERRA rights, including testifying or making a statement in connection with a proceeding under USERRA, even if that person has no service connection.

D. Health Insurance Protection

- If you leave your job to perform military service, you have the right to elect to continue your existing employer-based health plan coverage for you and your dependents for up to 24 months while in the military.

- Even if you don't elect to continue coverage during your military service, you have the right to be reinstated in your employer's health plan when you are reemployed, generally without any waiting periods or exclusions (e.g., pre-existing condition exclusions) except for service-connected illnesses or injuries.

PERSONAL LEAVE

If you encounter circumstances that are not covered by other leaves listed here, please contact your supervisor or Human Resources to explore the possibility of a personal leave. The Company will permit a personal leave of absence without pay at its discretion. Personal leaves are more likely to be provided to employees who have worked for us for at least one year and are in good standing at the time the leave is requested. For purposes of the personal leave policy good standing means that you have not been formally counseled about performance problems for 12 months prior to your request for personal leave. Employees not eligible for FMLA (because they have not been employed long enough, or because all FMLA time was exhausted) may be eligible for a personal leave due to illness.

Not all personal leaves of absence will be approved. A leave is generally should not exceed thirty (30) days but may in special cases. In the event your absence will cause undue hardship to the business, your request can be denied.

We will not guarantee that your position or a comparable position will be available at the end of your personal leave. In the event a suitable position is not available, employment can be terminated.

PAID PARENTAL LEAVE POLICY

CARS will provide up to six (6) weeks of paid parental leave to employees following the birth of an employee's child or the placement of a child with an employee in connection with adoption or foster care. The purpose of paid parental leave is to enable the employee to care for and bond with a newborn or a newly adopted or newly placed child. This policy will run concurrently with Family and Medical Leave Act (FMLA) leave, as applicable. This policy will be in effect for births, adoptions or placements of foster children occurring on or after October 1st, 2019.

Eligibility

Eligible employees must meet the following criteria:

- Have been employed with the Company for at least 24 months (the 24 months do not need to be consecutive).
- Have worked at least 1,250 hours during the 12-month period immediately preceding the date the leave would begin.
- Be a full- or part-time, regular employee (temporary employees and interns are not eligible for this benefit).

In addition, employees must meet one of the following criteria:

- Have given birth to a child.
- Be a spouse or committed partner of a woman who has given birth to a child.
- Have adopted a child or been placed with a foster child (in either case, the child must be age 17 or younger). The adoption of a new spouse's child is excluded from this policy.

Amount, Time Frame and Duration of Paid Parental Leave

- Eligible employees will receive a maximum of six (6) weeks of paid parental leave per birth, adoption or placement of a child/children. The fact that a multiple birth, adoption or placement occurs (e.g., the birth of twins or adoption of siblings) does not increase the 6-week total amount of paid parental leave granted for that event. In addition, in no case will an employee receive more than six (6) weeks of paid parental leave in a rolling 12-month period, regardless of whether more than one birth, adoption or foster care placement event occurs within that 12-month time frame.
- Each week of paid parental leave is compensated at fifty percent of the employee's regular, straight-time weekly pay. Paid parental leave will be paid on a weekly basis on regularly scheduled pay dates.
- Approved paid parental leave may be taken at any time during the six-month period immediately following the birth, adoption or placement of a child with the employee. Paid parental leave may not be used or extended beyond this six-month time frame.
- In the event of a female employee who herself has given birth, the six (6) weeks of paid parental leave will commence at the conclusion of any short-term disability leave/benefit provided to the employee for the employee's own medical recovery following childbirth.
- Employees must take paid parental leave in one continuous period of leave and must use all paid parental leave during the six-month time frame indicated above. Any unused paid parental leave will be forfeited at the end of the six-month time frame.
- Upon termination of the individual's employment at the company, he or she will not be paid for any unused paid parental leave for which he or she was eligible.

Coordination with Other Policies

- Paid parental leave taken under this policy will run concurrently with leave under the FMLA; thus, any leave taken under this policy that falls under the definition of circumstances qualifying for leave due to the birth or placement of a child due to adoption or foster care, the leave will be counted toward the 12 weeks of available FMLA leave per a 12-month period. All other requirements and provisions under the FMLA will apply. In no case will the total amount of leave—whether paid or unpaid—granted to the employee under the FMLA exceed 12 weeks during the 12-month FMLA period. Please refer to the Family and Medical Leave Policy for further guidance on the FMLA.
- After the paid parental leave (and any short-term disability leave for employees giving birth) is exhausted, the balance of FMLA leave (if applicable) will be compensated through employees' accrued sick, vacation and personal time. Upon exhaustion of accrued sick, vacation and personal time, any remaining leave will be unpaid leave. Please refer to the Family and Medical Leave Policy for further guidance on the FMLA.
- The Company will maintain all benefits for employees during the paid parental leave period just as if they were taking any other company paid leave such as paid vacation leave or paid sick leave.
- If a Company holiday occurs while the employee is on paid parental leave, such day will be charged to holiday pay; however, such holiday pay will not extend the total paid parental leave entitlement.
- An employee who takes paid parental leave that does not qualify for FMLA leave will be afforded the same level of job protection for the period of time that the employee is on paid parental leave as if the employee was on FMLA-qualifying leave.

Requests for Paid Parental Leave

- The employee will provide his or her supervisor and the Human Resources department with notice of the request for leave at least 30 days prior to the proposed date of the leave (or if the leave was not foreseeable, as soon as possible). The employee must complete the necessary HR forms and provide all documentation as required by the HR department to substantiate the request.
- As is the case with all policies, the Company has the exclusive right to interpret this policy.

VOTING

CARS Recon, Inc. encourages you to exercise your voting privileges in local, state and national elections. Employees will be given up to four (4) hours of paid time based on the time employees actually need to spend to vote during a workday. You are asked to provide notice at least 2 working days prior to the election to request voting leave. However, your Manager may specify the time to be taken. If your work hours begin three hours after the polls open or your work hours end three hours prior to the closing of the polls, you may not take time from work hours to vote.

INCLEMENT WEATHER

CARS Recon, Inc. believes that you should use your own judgment in the event of inclement weather. If you feel driving conditions are too severe to drive, notify your Manager as soon as possible. Unless CARS Recon, Inc. is closed, you must take a day of vacation or a personal day in order to be paid for time off.

STANDARDS AND GUIDELINES

PROFESSIONALISM AND WORK ETHIC

Our customer's image of our company is set chiefly by how we present ourselves. Your willingness to help our customers, your pleasant manner and your knowledge of our company and products is vital to our success! Professional behavior is always expected when interacting with customers as well as co-workers.

Commitment to the Company and your job responsibilities builds your professionalism to the customers as well as co-workers. Professionalism is an essential qualification. A strong work ethic is expected of all Employees. It is extremely important in our company that we have good working relationships.

DRESS CODE

As a representative of CARS Recon, Inc., you are required to always present a good appearance to the public and to our customers. You are expected to dress appropriately for the occasion. Your appearance to your customers should be important to you as well. The assurance that you look professional and well-groomed increases your confidence and sense of well-being in greeting and serving your customers. If an employee's dress is determined inappropriate (i.e., provocative, unsafe or solicitous), the manager can send the employee home without pay. Repeated violations will result in disciplinary action up to and including termination. The following dress guidelines should be followed while employed:

- Managers are to wear Shirts that are provided
- Shoes that provide safe and secure footing, no open toed shoes
- Long hair must be pulled back (ponytail) to avoid any interference with the job.
- Jewelry should not be excessive, restrictive or become a hazard to the job performance.
- Shirts must have sleeves, no halter or string tank tops

CUSTOMER RELATIONS

Employees are expected to treat customers courteously and with the utmost respect at all times. You must attend to customers' questions and demands promptly and professionally. If you need assistance, please contact your Manager immediately.

COMMUNICATION

We encourage open, honest and accurate communication between you, your co-workers and Management. We want to hear your suggestions and concerns and want you to know they are important to us. We are also committed to open communications with our employees. We will keep you informed and will provide you information regarding issues that are important to you.

If you have discussed an issue with your Manager and you are not completely satisfied with the response, you should address your concerns with the VP of Operations or with the Regional Manager.

MEDIA RELATIONS

All contacts with the media must be referred to the VP of Operations. If contacted by the media about work-related matters, refer the media representative to the VP of Operations.

SOLICITATION & DISTRIBUTION OF LITERATURE

Approaching fellow employees or customers in the workplace regarding activities, organizations, or causes, regardless of how worthwhile, important, or benevolent, can create unnecessary apprehension and pressures for fellow employees and customers. The Company has established rules, applicable to all employees, to govern solicitation and distribution of written material during working time and entry onto the premises and work areas. All employees are expected to comply with the following:

- No employee shall solicit or promote support for any cause or organization during his or her working time or during the working time of the employee or employees at whom the activity is directed;
- No employee shall distribute or circulate any written or printed material in work areas at any time, during his or her working time, or during the working time of the employee or employees at whom the activity is directed;
- Under no circumstances will non-employees be permitted to solicit or to distribute written material for any purpose on company property;
- Only solicitation approved in advance by Senior Management (i.e., United Way, American Heart Association) is authorized.

For privacy and security reasons, employees are not allowed to give out other employees' addresses, phone numbers or other contact information.

BULLETIN BOARDS

Bulletin boards are reserved for the exclusive use of CARS Recon, Inc. for posting work-related notices or notices that must be posted pursuant to local, state, and federal law. From time to time, special notices and information for employees will be posted on the bulletin boards. Employee postings are not permitted unless work-related and approved by your Manager.

CONFIDENTIALITY

It is likely that your work assignments may involve work of a confidential nature. In some or all of its aspects your work may involve contact with trade secrets and confidential information of the Company, or trade secrets and confidential information of our customers that have been entrusted to us. You are expected to protect the interests of the company and our customers by not disclosing to outsiders any information that is trade secrets or other proprietary information of the company or our customers. Information that we may consider trade secrets, confidential or proprietary includes:

- Information about current or future product design (other than that which is typically shared during marketing or sales efforts);
- Financial data (of our Company or customers);
- Salaries of other employees;
- Marketing strategies;
- Prototypes, plans, designs, or blueprints;
- Technological data or prototypes; and,
- Any information that may be used by competitors against us or our customers.

As a condition of employment you agree that you will not, except as required in the conduct of the Company's business or as authorized in writing by the President of the Company, publish or disclose, either during your term of employment or any time thereafter, any trade secret or confidential information relating to the Company's business that you may in any way acquire by reason of your employment by the company, including the identity of current and prospective company customers.

You are expected to respect the confidence placed in us by our customers. The professional relationship between each customer and the Company requires that there be no disclosure of information about the internal affairs of either party to others. This includes responses to inquiries from salespeople, the press, contractors, other companies, or the public. Should anyone make inquiries about our relationship with or the internal affairs of a customer, immediately report the inquiry to your supervisor.

To further protect the interest of the company, you must secure permission from your supervisor before making public presentation as a representative of the company.

If you have an idea or a concern, you should share this information with your Manager. Management will decide how the matter should be handled and to whom it should be presented.

DEFEND TRADE SECRETS ACT NOTICE: As provided by the Defend Trade Secrets Act of 2016, employees are notified that they shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and which disclosure is made solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, I have been informed that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

CONFLICTS OF INTEREST

All employees are expected to act in the best interest of the Company. A conflict of interest is defined as an action(s) based on interest other than those of the Company or when an individual's or relative's personal economic interest conflicts with his/her action. Situations to be avoided include acceptance of gifts, loans, excessive entertainment from suppliers or vendors, use of privileged information, employment with a direct competitor, or other use of the Company property for personal gain.

If you have any questions regarding a conflict of interest, you should discuss it with your Manager as soon as possible. Violations of this policy will result in disciplinary action up to and including termination.

SAFETY

Safety is everyone's responsibility. The Company provides a clean, healthy and safe environment in which to work in accordance with the Occupational Safety and Health Act of 1970. As an employee, you are expected to take an active part in maintaining this environment. The Company

expects all employees to observe all posted safety rules, adhere to all safety instructions provided by your Manager and use safety equipment where required. Your work area and/or Company vehicle should be kept neat and clean and in good working order.

It is everyone's responsibility to become familiar with the location of safety and emergency equipment and appropriate safety contact phone numbers. Employees may report safety violations or injuries anonymously to your Manager. All employees should assist in maintaining a hazard free environment and report accidents or injuries (including breaches of safety rules) and unsafe working conditions.

***Due to the business nature of CARS Recon, Inc. use of headphones and cell phone usage are restricted in the work areas. Safety vests are to be worn ANYTIME outside of the shop, and movement on the lots. Any violation to the cell phone usage and safety vest policy will result in disciplinary action up to and including termination. ***

No employee will be punished or reprimanded for reporting safety violations or hazards. However, any deliberate or ongoing safety violation or creation of a hazard will be dealt with through disciplinary action up to and including termination.

BUILDING/PROPERTY ACCESS

Employees of CARS Recon, Inc. will be given access to the office as required by his/her job. There should be no employees on the auction property or in the shop after work hours. If the business requires it, security at the auction must be notified one day in advance.

WORKPLACE THREATS AND VIOLENCE

The Company is committed to ensuring the safety and security of its employees. Threats, harassment, threatening behavior, or acts of violence against employees, vendors, customers, or other individuals by anyone on Company property will not be tolerated. Such conduct places the safety and health of our employees and customers in jeopardy and will not be tolerated.

Any person who makes threats, exhibits threatening behavior, or engages in violent acts (belligerent speech, excessive arguing, sabotage of property, using any object in a threatening manner) on Company property shall be removed from the premises as quickly as safety permits, and shall remain off the premises pending the outcome of an investigation. If you are threatened, or the victim of a violent act in the workplace, or if you observe behavior that is violent, or potentially violent (as described above), immediately report it to your supervisor or any other member of management. This includes threats or violent acts by co-workers, customers, visitors, or others who have come onto our premises.

All reports of workplace violence will be taken seriously and will be investigated promptly and thoroughly. We will maintain confidentiality when possible (i.e., release information only to those with a business need-to-know). We will not tolerate retaliation against any employee who reports workplace violence.

Unfortunately, sometimes non-employees may try to bring their personal disputes into our workplace. To protect your safety and the safety of your co-workers, please immediately report to your supervisor or Human Resources personal situations which may bring violence to our workplace. By being forewarned we can take appropriate measures to try and protect you and/or

your co-workers. Employees who report potential workplace violence from a domestic or personal dispute do not need to fear corrective action or retaliation.

Each case will be promptly and confidentially investigated to determine whether a threat or violence has occurred. All investigations will be designed to protect the privacy of, and minimize suspicion toward, all parties concerned. Allegations that are substantiated will result in disciplinary action, up to and including termination, against the person engaged in the threat/violence. This includes employees as well as business relationships. Likewise, malicious accusations will result in disciplinary action, up to and including termination, against the party making the accusations.

In carrying out all Company policies, it is essential that all employees understand that no existing policy, practice, or procedure should be interpreted to prohibit decisions designed to prevent a threat from being carried out, a violent act from occurring, or a life-threatening situation from developing.

In order to promote a safe and violence-free workplace, we reserve the right to inspect employee clothing, personal vehicles on company property, packages, lunch boxes, containers, articles in such areas, and other objects brought onto company property that might conceal weapons. Any employee who does not consent to and fully cooperate with such inspections is subject to corrective action up to and including termination of employment.

Please see the state specific policies regarding weapons on company premises. A violation of the weapons policy may result in immediate termination.

SUBSTANCE ABUSE

The Company takes the problem of drug and alcohol abuse seriously and is committed to providing a substance free workplace.

All employees consent to and agree to inspections of themselves, their vehicles, lockers and personal property brought onto company property that might conceal alcohol, drugs or other inappropriate material.

Consumption, selling, possession, or purchase of any alcoholic beverage or controlled or illegal substance is NOT allowed on the premises of the Company, in a company vehicle, or while carrying out company business. The only exception is for legal drugs, which have been prescribed to the employee and are being used in the manner prescribed.

Employees violating this policy including drinking alcoholic beverages or taking drugs during work hours or reporting to work under the influence of alcoholic beverages or drugs will be subject to disciplinary action up to and including termination. It is our policy to assist employees who suffer from drug or alcohol abuse who voluntarily seek treatment or rehabilitation. You may be eligible for payment for treatment in accordance with our group health insurance plan or for a medical leave of absence. We encourage any employee with a problem to contact your Manager for more information. We will make every reasonable effort to ensure that any disclosures you make to the Company concerning your participation in any drug or alcohol counseling program remain confidential. We are not obligated, however, to continue to employ a person whose job performance is impaired because of drug or alcohol use, nor are we obligated to re-employ any person simply because they have participated in treatment or rehabilitation if that person's job performance was below standard.

Employees will be tested under the following circumstances:

- When a reasonable suspicion exists that any employee is under the influence of alcohol or any illegal drug, intoxicant, or controlled substance while on the job, in the workplace or at a customer site or is otherwise in violation of this policy;
- When any employee is found in possession of alcohol or any illegal drug, intoxicant, or controlled substance in violation of company policy, or when any of those items are found in an area controlled or used by the employee, such as a desk or locker;
- After a work-related accident, near miss or incident in which safety precautions are violated or careless acts are performed;

Taking legally prescribed medications or over the counter medications is permitted to the extent that use of such medications does not adversely affect your job performance or safety, or the safety of others. If you are using prescription or over-the-counter medications that may impair your ability to perform your job safely & effectively (such as when accompanied by a safety warning for the use of vehicles, machinery or equipment), you must report such use to your supervisor or Human Resources before starting or resuming work. If you discover that such medication impairs or adversely impacts your ability to work, immediately stop working and report your condition to your supervisor. Working while adversely affected by prescription or over-the-counter medications can be dangerous. Consult with your physician if you are impaired or affected by prescription or over- the-counter medications.

TN Drug-Free Workplace Program

As a condition of employment, employees must abide by the terms of this policy and must notify The Company in writing of any conviction of a violation of a criminal drug statute occurring in the workplace no later than five calendar days after such conviction.

The company offers resource information on various means of employee assistance in our community, including but not limited to drug and alcohol abuse programs. Employees are encouraged to use this resource file; which is located at your site. In addition, we will distribute this information to employees for their confidential use.

General Procedures: Any employee reporting to work visibly impaired will be deemed unable to perform required duties and will not be allowed to work. If possible, the employee's supervisor will first seek another supervisor's opinion to confirm the employee's status. Next, the supervisor will consult privately with the employee to determine the cause of the observation, including whether substance abuse has occurred. If, in the opinion of the supervisor, the employee is considered impaired, the employee will be sent home or to a medical facility by taxi or other safe transportation alternative – depending on the determination of the observed impairment – and accompanied by the supervisor or another employee if necessary. A drug or alcohol test may be in order. An impaired employee will not be allowed to drive.

Opportunity to Contest or Explain Test Results: Employees and job applicants who have a positive confirmed drug or alcohol test result may explain or contest the result to the medical review officer within five (5) working days after receiving written notification of the test result from the medical review officer; if an employee's or job applicant's explanation or challenge is unsatisfactory to the medical review officer, the medical review officer shall report a positive test result back to the company; a person may contest the drug test results pursuant to rules adopted by the Tennessee Department of Labor.

Confidentiality: The confidentiality of any information received by the employer through a substance abuse testing program shall be maintained, except as otherwise provided by law.

Job Applicant Drug Testing: All job applicants will undergo testing for substance abuse as a condition of employment. Any applicant with a confirmed positive test result will be denied employment.

Applicants will be required to submit voluntarily to a urinalysis test at a laboratory chosen by the Company, and by the signing a consent agreement will release the Company from liability. If the physician, official or lab personnel has reasonable suspicion to believe that the job- applicant has tampered with the specimen, the applicant will not be considered for employment. The Company will not discriminate against applicants for employment because of a past history of drug or alcohol abuse. It is the current illegal use of drugs and/or abuse of alcohol, preventing employees from performing their jobs properly, that the Company will not tolerate.

Employee Drug Testing: The Company has adopted testing practices to identify employees who use illegally use drugs on or off the job or who abuse alcohol on the job. It shall be a condition of employment for all employees to submit to substance abuse testing under the following circumstances:

1. When there is reasonable suspicion to believe that an employee is illegally using drugs or abusing alcohol. ‘Reasonable suspicion’ is based on a belief that an employee is using or has used drugs or alcohol in violation of the employer’s policy drawn from specific objective and articulable facts and reasonable inferences drawn from those facts in light of experience. Among other things, such facts and inferences may be based upon, but not limited to, the following:
 - Observable phenomena while at work such as direct observation of substance abuse or of the physical symptoms or manifestations of being impaired due to substance abuse
 - Abnormal conduct or erratic behavior while at work or a significant deterioration in work performance;
 - A report of substance abuse provided by a reliable and credible source;
 - Evidence that an individual has tampered with any substance abuse test during his or her employment with the current employer;
 - Information that an employee has caused or contributed to an accident while at work; or
 - Evidence that an employee has used, possessed, sold, solicited, or transferred drugs while working or while on the employer’s premises or while operating the employer’s vehicle, machinery, or equipment.
2. When employees have caused or contributed to an on-the-job injury that resulted in a loss of work-time, which means any period of time during which an employee stops performing the normal duties of employment and leaves the place of employment to seek care from a licensed medical provider. An employer may send employees for a substance abuse test if they are involved in on-the-job accidents where personal injury or damage to company property occurs.
3. As part of a follow up program to treatment for drug abuse.
4. A covered employer must require an employee to submit

Alcohol Testing: The consumption or possession of alcoholic beverages on Company’s premises is prohibited. (Company sponsored activities which may include the serving of alcoholic beverages are not included in this provision.) An employee whose normal faculties are impaired due to alcoholic beverages, or whose blood alcohol level tests .08% by weight for non- safety sensitive positions, or .04% for safety sensitive positions, while on duty/company business shall be guilty of misconduct and shall be subject to discipline up to and including termination.

Refusal to Submit: Failure to submit to a required substance abuse test also is misconduct and shall be subject to discipline up to and including termination.

Important Information for Job Applicants and Employees: When an employee or job applicant submits to a drug and/or alcohol test, they will be given a form by the specimen collector that contains a list of common medications and substances which may alter or affect the outcome of a drug or alcohol test. This form will also have a space for the donor to provide any information that he/she considers relevant to the test, including the identification of currently or recently used prescription or non-prescription medication or other relevant information. The information from should be kept by the job applicant or employee for their personal use. If the job applicant or employee has a positive confirmed test result a medical review officer will attempt to contact the individual in order to privately discuss the findings with that person. The job applicant or employee should keep the form as a “reminder” to discuss this information at that time. The medical review officer will take this information into account when interpreting any positive confirmed test results. The information provided shall be treated as confidential and will not be given to the employer. Employees and job applicants have the right to consult with a medical review officer for technical information regarding prescription and non-prescription medicine.

It is the responsibility of every employee or job applicant to notify the testing laboratory of any administrative or civil action borough pursuant to TCA Section 50-9-100 et. Seq., Drug-Free Workplace Programs.

The provisions of this policy are subject to any applicable collective bargaining agreement or contract and include the right of appeal to the applicable court.

Substance abuse testing for job applicants and employees will include a urinalysis screen for the following drugs:

Alcohol: (not required for job applicant testing)

Any “Alcohol Beverage”, all liquid medications containing ethyl alcohol (ethanol). Please read the label for content. For example: Vicks Nyquil™ is 25% (50 proof ethyl alcohol, Comtrex™ is 20% (40 proof), Contac Severe Cold Formula Night Strength™ is 25% (50 proof) and Listerine™ is 26.9% (54 proof).

Amphetamines: “speed”, “uppers”, etc.

Cannabinoids: THC, marijuana, hashish, “pot”, grass, “hash”, etc.

Cocaine: “coke”, “crack”, etc.

Phencyclidine: PCP, “angel dust”

Opiates: Narcotics, Heroin, Codeine, Morphine, “smack, dope, etc...”

Benzodiazepines, Barbiturates, Methadone, Propoxyphene, and Quaaludes

SMOKING

CARS Recon, Inc. is a non-smoking facility. For those employees who wish to smoke, it should be done outside the building, within 15 feet of any exit or entrance to the building, during regularly scheduled breaks. Additional breaks are not provided for smoking. This policy includes but is not limited to Vapor Pens, Vapor Cigarettes, Electronic Cigarettes, Cigars, etc. Smokers are also expected to keep smoking areas clean and to use appropriate receptacles to dispose of smoking materials.

OPERATION OF VEHICLES

All employees authorized to drive Company-owned or leased vehicles or to rent vehicles for use in conducting company business must possess a current, valid state driver's license and an acceptable driving record.

Any change in license status or driving record must be reported to management immediately. From time to time, the Company may request reports from the Department of Motor Vehicles regarding the license status and driving record of employees whose job responsibilities include driving. In the event that the license status or driving record of any employee whose job responsibilities include driving becomes unacceptable to management or the Company's insurance carrier, that employee may be restricted from driving, reassigned, suspended, or terminated, at management's discretion.

A valid state driver's license must be in your possession while operating a vehicle in the course of Company business on or off company property. It is the responsibility of every employee to drive safely and obey all traffic, vehicle safety, parking laws and/or regulations. Drivers should demonstrate safe-driving habits at all times.

If your work requires that you drive your own vehicle, rather than a Company vehicle, you must provide us with proof of adequate automobile insurance.

These requirements apply to employees who routinely drive as a part of their job, such as sales representatives. These requirements do not apply to normal commuting to and from work.

WORKSHOP DRIVING POLICY

Driving vehicles in the workshop under any circumstance is strictly prohibited. Should an issue arise that a vehicle cannot be pushed into the workshop and must be driven; your supervisor must be contacted immediately. Any employee found driving a vehicle within the shop will result in immediate termination.

PROPERTY FOUND IN VEHICLES

Personal Property

When a vehicle is delivered to an auction, it may contain personal property belonging to the debtor of the consigning customer. The law generally permits the debtor to redeem the personal property with the vehicle or to redeem the personal property alone. Personal property includes any items found in or on a repossessed vehicle which were not part of the unit at the time of purchase or lease and which have not been installed in, or permanently attached to, the vehicle.

Except for those items mentioned below, all personal property will be stored in a secure location and properly labeled. If illegal substances (e.g. drugs) or dangerous items (e.g. guns) are found in any repossessed vehicle, local law enforcement should be immediately contacted for retrieval. The employee should obtain a receipt or other proof of surrender from the officer. Any other items determined to present a danger or health hazard, such as combustibles or food, should be disposed of in a reasonable and safe manner.

Personal property will be held in accordance with customer contractual commitments or as otherwise required by applicable law. Unless the customer contract or applicable law imposes different requirements, personal property will be held for a minimum of 30 days. Until the retention period is met, the property owner may retrieve the personal property. The property owner may redeem the personal property.

If the customer or debtor has not retrieved the personal property after the relevant retention period, such property should be properly disposed of or donated to a charity. Any property containing personal information should be disposed of in a secure manner. Neither the auction, nor a CARS Recon, Inc. employee should use or sell any such personal property.

Gun/Rifle found in vehicle

If a gun or rifle is found inside vehicle:

1. Employee stays with vehicle, calls for supervisor/manager or asked another employee to get supervisor/manager immediately. Employee(s) DO NOT TOUCH gun.
2. Employee shows Supervisor/manager where the gun or rifle is (doesn't physically touch it)
3. Supervisor/manager secure vehicle, (all windows and doors locked take the keys) and calls local police non-emergency number and request officer to come and remove gun/rifle
4. Notify auction personnel of gun/rifle and that police have been called to come remove it.
5. No movement of the vehicle or movement of vehicle in the process is to continue until gun/rifle is removed.
6. Supervisor/manager to contact safety coordinator and Regional manager to advise of incident.

Medication found in vehicle

If any medications are found inside a vehicle, you should:

1. Remove the patients label on bottle/ container and place in the personal information paperwork shredder box.
2. Find some dirt, place some dirt in the bottle/container, replace cap shake so that the medication becomes "dirty" place back in bottle and dispose in trash can. If medication is liquid, put some dirt in the bottle, replace cap shake and dispose of in trash can.
3. Notify your supervisor of medications found and disposed of.

Do not ingest or take medication off property that are found. It is dangerous and against the law to use medications not prescribed to you.

WAGES AND BENEFITS

PAYROLL

All employees will receive his/her paycheck on a weekly basis. The payroll week runs from Saturday to Friday. If a regular payday falls on a holiday, employees will receive their pay check the day prior to that holiday. Each paycheck will include earnings from all work performed through the end of the previous payroll period.

PAYROLL DEDUCTIONS

CARS Recon, Inc. is required by law to make certain deductions from your earnings on your behalf. Amounts withheld vary according to your earnings, marital status, government employment regulations and other factors. Mandated withholdings include Local, State, Federal Income and Social Security (FICA) Taxes. Additionally, other voluntary deductions may be deducted from your paycheck, including: health insurance coverage, dental coverage, 401(k), or any other offered deductions that can be elected by an employee.

CARS Recon, Inc. is required by law in some circumstances to recognize certain court orders, liens, or wage garnishments. If CARS Recon, Inc. receives a notice of a pending garnishment or wage assignment regarding your pay, you will be notified.

DIRECT DEPOSIT

We provide all employees the availability of direct payroll deposit. With direct deposit, you may have your paycheck electronically transferred to your checking or savings account and your pay should be available to you the morning of payday. However, we cannot guarantee the date on which your bank posts the auto deposit funds to your account. There is also no chance of a lost or stolen check. If you take advantage of direct deposit, the stub of the paycheck will be sent to you as receipt of the deposit.

GROUP MEDICAL/LIFE INSURANCE

We offer a benefits package that is designed to protect your (and your family's, if dependent coverage is elected) health and welfare. Full-time Employees will be eligible for Medical, Dental and Vision the first day of the month following 60 days of continuous employment provided an enrollment form has been completed and returned within the required enrollment time.

In case you have a life-changing event, such as loss of coverage of other health insurance, marriage, divorce, birth, adoption, or placement for adoption, you must complete the proper enrollment information within 30 days of the event.

Although we provide insurance coverage for employees and dependents, conditions covered, claims processing, and actual benefit payments are between you and the insurance carrier. We do not accept responsibility or liability for actions taken by the insurance company.

You are responsible for submitting claims and directly resolving with the insurance company any problems that may occur with claims processing.

When employees take an informal or formal approved leave of absence, they are required to pay their share of premiums while on leave, consistent with federal and state law. Failure to do so may result in loss of benefits.

COBRA

When you or your enrolled dependents are no longer eligible for regular coverage under our health, dental or vision insurance plans, you may be eligible for continued coverage if you pay the monthly premium for the coverage. This is guaranteed to you under the Consolidated Omnibus Budget Reconciliation Act (COBRA) if:

- you were covered under the group plan at the time of a qualifying event (see below for a list of qualifying events);
- you are not eligible for Medicare;
- you are not eligible for coverage under another employer's group plan; and,
- you have not applied to convert your group coverage to an individual health insurance policy.

You have the right to choose continuation coverage (COBRA) if you lose your group health insurance because of a reduction in hours of employment or the termination of your employment (voluntary or involuntary) for reasons other than gross misconduct.

A covered spouse or dependent child has the right to choose continuation coverage (COBRA) if coverage is lost for any of the following reasons:

- your death;
- termination (voluntary or involuntary) of your employment or reduction in hours
- divorce or legal separation;
- you become eligible for Medicare; or
- your child is no longer considered a "dependent child" under the terms of our insurance policy.

Under the law, you or your family member has the responsibility of informing CARS Recon, Inc. within 60 days of a divorce, legal separation, or Social Security disability determination that a qualified beneficiary was disabled at the time of your termination or reduction in hours, or when one of your children loses eligibility for dependent status.

Once your Human Resources representative has been notified of a qualifying event, he/she will provide information about COBRA rights, premium payments, and a COBRA election form to you and/or your covered dependent. Under the law, you have 60 days after that to elect COBRA coverage. If you do not choose COBRA, your group health insurance coverage will end.

If you elect COBRA, you will receive identical coverage provided under the plan to similarly situated employees or family members. Your right to continue coverage under COBRA will continue for at least 18 months, and in some situations up to 36 months. You will be advised as to the maximum length you may continue COBRA coverage at the time of your election. Once your COBRA rights have expired, you are entitled to convert your coverage to an individual plan as provided under the insurance policy in effect at the time.

Under COBRA, your continuation of coverage may be cut short for any of the following reasons:

- we no longer provide group health insurance coverage to our employees;
- you do not pay your monthly premium on time;
- you or your dependent(s) become covered under another group health plan that does not include a preexisting conditions clause that applies to you or to a covered dependent; or,
- you become covered under Medicare.

COBRA premiums are due on the first of each calendar month. Payment by check or money order must be sent to COBRA Connection. The law provides a 30-day grace period for premium payments. However, repeated late payment of premiums or payment by check without sufficient funds can result in loss of your COBRA coverage.

RETIREMENT/401(k)

Employees are eligible to participate in the 401(k)-retirement program through salary deferral after one year of service. The employer contribution to the plan begins on the first day of the half year (January or July) after the employee has been employed one full year. The plan does follow the Employer Safe Harbor in which CARS contributes 100% of the employee's contributions on the first 4% on each payroll period to the employee's 401(k) account.

WORKER'S COMPENSATION

We provide Worker's Compensation insurance for all employees. We pay the full cost of this coverage. For you to receive benefits, the injury or illness must arise out of and in the course of your employment with us.

Worker's Compensation benefits include partial payment of lost wages and/or payment for required medical treatment. Wage benefits generally begin several days after disability occurs. The benefit amount is determined by the insurance company, in accordance with state law. In the event of death due to a related injury/illness, a death benefit may also be paid to your surviving spouse and/or children.

As Worker's Compensation wage benefits generally do not cover full salary, available sick leave and/or vacation will be paid to you to make up the difference between Worker's Compensation benefits and your wage or salary. Once vacation is used, you will receive only Worker's Compensation benefits.

If you are not able to work due to your work-related injury or illness, your leave of absence will be a combined Worker's Compensation/FMLA leave. Your time off will count toward the 12 weeks leave to which you may be entitled under FMLA. As is the case for all other leaves of absence, sick leave and vacation do not accrue while on Worker's Compensation leave.

In the event of work-related injury or illness, you are required to contact your supervisor immediately. This notification is required even if the injury/illness seems minor and/or no time is lost from work. This is necessary to ensure that any subsequent claim is handled correctly and to comply with legal reporting and record maintenance requirements. Failure to immediately report a work-related injury could result in corrective action. Failure to immediately report such injury or illness also may result in a claim being denied by both the Worker's Compensation and our medical insurance companies.

While it is our intent that employees who have legitimate claims will receive benefits due under Worker's Compensation, we also strongly support all laws designed to protect us against fraudulent claims or fraudulent extension of claims. Worker's Compensation is a valuable, but expensive benefit and we ask for your help in protecting it by promptly reporting any evidence of fraudulent activity related to Worker's Compensation.

Please be aware that if you are injured on the job you will be required to take a drug and/or alcohol test. If you test positive for alcohol or illegal drugs at the time of the injury, you will not be eligible for Worker's Compensation benefits and you will be subject to disciplinary action up to and including termination.

A refusal of a drug/alcohol screen at the time of the injury will prevent you from Worker's Compensation as well as subjection to disciplinary action up to and including termination.

Additional information on Worker's Compensation Insurance is available through your Manager and on posters displayed in the work area.

STATE UNEMPLOYMENT INSURANCE AND SOCIAL SECURITY (FICA)

We pay a special state and federal tax to provide employees with unemployment insurance coverage in the event they become unemployed through no fault of their own. You are covered under the State Unemployment Insurance law. Should you leave employment with the Company you may be entitled to unemployment benefits depending on the circumstances of your termination. This insurance is administered by the applicable state agency, which determines eligibility for benefits, the amount of benefits payable (if any) and the duration of any such benefits.

Employee are also eligible for benefits under Social Security (FICA). To provide those benefits we match employee contributions. Some of the benefits under Social Security include retirement income, Medicare benefits at age sixty-five, benefits for permanent disability and dependent survivor benefits.

SENIORITY POLICY

Seniority for those who have left the Company and returned will be calculated as follows: Following five (5) years of continuous service, upon an employee's return to CARS, their previous service will be bridged into eligibility for vacation and other benefits. Example: An employee who has worked three years and leaves in good standing, returns to CARS after a period of time and works five years, on their fifth anniversary, their three previous years will be added, giving them, effectively, eight years of service. This option can only be exercised once.

EMPLOYEE DEVELOPMENT **PERFORMANCE APPRAISAL**

Regular performance evaluations will be conducted – usually annually – to provide both you and your Manager with the opportunity to discuss your job performance goals and objectives, job responsibilities, recognize your strengths, identify weaknesses, and discuss methods for improving your performance. A positive performance evaluation does not guarantee an increase in salary, a promotion, or continued employment. Compensation increases and the terms and conditions of employment are determined by and at the discretion of the Company. In addition to the formal appraisal process, we encourage you and your Manager to discuss your job performance on an ongoing basis.

COMPENSATION

At CARS Recon, Inc., we seek to pay salaries that are fair to the individual employee, appropriate to the job and consistent with the marketplace. Periodic salary surveys and studies are performed to ensure that these criteria are being met.

The salary level for any particular job is based on a number of factors including the experience, education and training required to qualify for it, as well as the judgment, level of supervision, scope of responsibility and the nature of the interpersonal interactions inherent in its performance.

Wage and salary increases are based on performance, how well you meet performance standards for your specific job and your overall contribution to our success. Salary increases are not guaranteed and must be earned. They are granted at the sole discretion of management. Salary increases do not create an implied contract for future employment and do not alter the “at will” nature of our employment relationship.

PROMOTIONS

In a growing business such as ours there are often opportunities for advancement. Whenever possible, we prefer to promote from within.

CONFLICT RESOLUTION

People working in close contact with each other will have misunderstandings, irritations and complaints from time to time. Even minor problems can develop into major problems if not resolved in a satisfactory manner.

The majority of job-related problems can be resolved by the parties involved through open, honest communication.

The following process is outlined as a suggested means of discussing problems with your co-workers.

1. Schedule discussions at a time that is mutually convenient for all parties involved. This will ensure that there is sufficient time for focused and thorough discussion.
2. State the issue at hand before beginning the discussion.
3. Each party should state, without rationalization or justification, the results they desire from the discussion.

4. Each party should state briefly their perception of the issue(s) at hand and possible solutions.
5. All parties should then work together to reach all goals (or reasonable compromises) set forth in step 3. During this step:
 - A. NEVER interrupt someone while he or she is speaking.
 - B. Keep your points brief (under 1 minute).
 - C. Use the goals set forth in step 3 as starting points for discussion.
 - D. Don't focus on the problem or its causes. Keep the discussion focused on solving the problem.

The intent of this procedure is to establish and maintain open lines of communication. While this process certainly guarantees no particular result, it does present opportunities to explore a problem from all points of view in an open and productive manner.

If after making a good faith effort, you are not able to resolve conflicts yourself, then seek the assistance of your supervisor or Human Resources.

INSUBORDINATION

Insubordination will not be tolerated. Insubordination shall be considered to be improper and willful violation of the Company's policies and procedures. Any act of insubordination may result in immediate termination.

The definition of insubordination includes but is not limited to willful, verbal refusal of instructions, willful disregard of management authority, disrespect, rudeness, rebelliousness or disobedient gestures, manner or attitude, dismissive gestures, walking away, abusive language, knocking items from the manager's hand or taking them and discarding them, and/or addressing the manager in a disrespectful manner.

PROGRESSIVE DISCIPLINE

We strive to take a constructive approach to disciplinary matters to ensure that actions which would interfere with operations or an employee's job do not continue. It is the policy of CARS Recon, Inc. to attempt to administer discipline consistently and equitably with the intent of correcting unsatisfactory performance or behavior. Most offenses will be dealt with through a program of progressive discipline, with steps of increasing severity if the problem is not corrected and continues. Violations of our standards will result in one of the steps outlined below. In arriving at a decision for proper action, we will consider the seriousness of the infraction, the employee's past record and the circumstances surrounding the matter. Absent extenuating circumstances discipline problems will be handled progressively as follows:

Step 1: Supervisory Counseling – Supervisor documents both evidence of problem and counseling sessions.

Step 2: Verbal Warning – Employee is verbally advised of concerns and notified of the need to improve.

Step 3: Written Warning – The employee is notified in writing of the issues surrounding the unsatisfactory performance or disciplinary issue. This form is signed by the supervisor as well as the employee.

Step 4: Termination – If the problem continues and satisfactory steps have not been made to correct the situation, a suspension without pay may be imposed or employment may be terminated.

Not all offenses will be handled through the progressive disciplinary process. Major violations or offenses may result in immediate termination at the Company's discretion. A partial list of such offenses follows:

- Job abandonment
- Engaging in acts of dishonesty, theft or fraud
- Falsification of documentation or records
- Threats, fighting or other violent conduct
- Excessive unexcused absences
- Sleeping on the job
- Endangering the safety of employees/other violations of safety policies
- Insubordination or failure to perform reasonable duties which are assigned
- Use or sale of drugs/alcohol on Company property/business or other violations of the Company's substance abuse policy
- Sexual or other harassment
- Conduct which the Company feels reflects adversely on the employee or the Company

UNSATISFACTORY PERFORMANCE

All employees are expected to perform at a satisfactory level. Failure of an employee to meet performance standards, maintain an adequate attendance record, complete tasks in a timely, competent way, or comply with the policies outlined in this handbook or by your manager will be considered unsatisfactory performance. Your manager will make a reasonable effort to resolve the problem with you. You may be given written notification stating that your employment is in jeopardy and that you must improve the situation. With this notice, you will be placed on a 60 to 90-day probationary status. If performance is not satisfactory at the end of this period, the result will be immediate termination. Uncooperative behavior or a negative attitude that affects the work or morale of co-workers may result in this probationary period being shortened or immediate termination.

MISCONDUCT

An employee's employment may be terminated immediately with no warning in the event of misconduct. Misconduct includes, but is not limited to, gross misconduct, insubordination, wrongful use or taking of Company property, conviction of a felony or other acts of misconduct, neglect or inappropriate conduct.

TERMINATION POLICIES

EMPLOYEE-INITIATED TERMINATION

As set forth in our employment at will relationship, employees are free to resign their position at any time, with or without cause, and with or without notice. Employees must submit notice of resignation in writing. Whenever possible, employees are asked to provide at least two (2) weeks' notice prior to leaving the Company. In the event that after you have submitted your resignation, the Company elects to no longer utilize your services, you will be released from your job duties and will be paid for the period of resignation up to a maximum of two (2) weeks.

If you provide at least two (2) weeks' notice you may receive favorable consideration for rehire.

FINAL WAGES

When an employee leaves the Company, his/her employment ends on the last day worked and any wages due will be paid within the normal payroll schedule or within the time frame established by state law. Any unused vacation time will be paid out unless an employee's employment is terminated for what the Company considers good cause or misconduct.

RETURN OF COMPANY PROPERTY

When an employee terminates, he/she is required to return company property within his/her possession including, but not limited to:

- Credit Cards
- Cell Phone
- Equipment
- Keys
- Manuals
- Protective Equipment
- Security Passes
- Tools
- Uniforms
- Vehicles
- Written Materials

With regard to Company-issued uniforms & PPE, employees issued uniforms & PPE must agree to return all uniforms & PPE in good condition. In the case of issued items which are not returned or are damaged (other than normal wear), if employment ends before completion of one year, the entire cost of the items will be deducted from an employee's final paycheck. If uniforms are returned damaged (other than normal wear) after the completion of one year, a prorated portion of the cost of the items will be deducted, and employee consent to such deductions is a term and condition of employment, subject to applicable federal or state laws.

BENEFITS AT TERMINATION

When an employee leaves, the Company will provide the employee with information about available options with regard to the benefit plans in which he/she was participating, including health and dental insurance.

EXIT INTERVIEW

You may be asked to participate in an exit interview. This will provide closure to your employment with the Company and will enable us to consider your comments and suggestions for improving the Company's Management, operations and ideas in general.

**EMPLOYEE ACKNOWLEDGEMENT OF RECEIPT OF
HANDBOOK AND AT WILL RELATIONSHIP**

This employee handbook describes important information about CARS Recon, Inc. (referred to as “Company”). This handbook is designed to acquaint you with CARS Recon, Inc. and provide you information about working conditions, employee benefits and some of the practices affecting your employment with us. It describes many employee responsibilities and company practices and also outlines the programs developed for your benefit.

I hereby acknowledge that I have received a copy of the Company’s employee handbook. This handbook supersedes all prior Human Resources policies, verbal communications, and staff meeting minutes or management memos which have been previously issued on subjects included in the handbook. I understand that it is my responsibility to read this handbook and any subsequent additions, revisions and or addendum(s) and to abide by the rules, policies and standards set forth in the handbook. I understand that I should consult my Manager regarding any questions that I may have that are not answered in the handbook.

I also acknowledge that this handbook is not an employment contract and should not be considered as such. It does not create or confer any contractual rights. This handbook cannot anticipate every situation or answer every question about employment. Nothing in this handbook should be relied upon as a guarantee of certain privileges, working conditions or continued employment. Any compensation figures provided to an employee in annual or monthly terms are stated for the sake of convenience do not create a contract for any specific period of time.

These policies and procedures may be changed, interpreted, withdrawn, or added to by the management of the Company at any time, within the Company’s sole discretion and without prior notice. We have done our best to correctly explain the policies, procedures, and benefits in all sections of this handbook. However, if any policies contain anything that disagrees with formal plans, including policy statements, legal documents, or state and federal laws, those formal documents and laws are the ones we will follow. Otherwise, any verbal or written statements contrary to what is stated in the handbook and employment application are disavowed and should not be relied upon by an employee.

I understand that my employment with the Company is not for any fixed period of time and is based upon employment at-will. I may resign at any time for any reason, with or without prior notice, and the Company may terminate my employment for any or no reason at any time. I also understand that no amendment or exception to the employment at-will policy can be made at any time, for any reason, except in writing by the President of CARS Recon, Inc.

EMPLOYEE’S NAME (print): _____

EMPLOYEE’S SIGNATURE: _____

DATE: _____

(Return to Human Resources for filing)