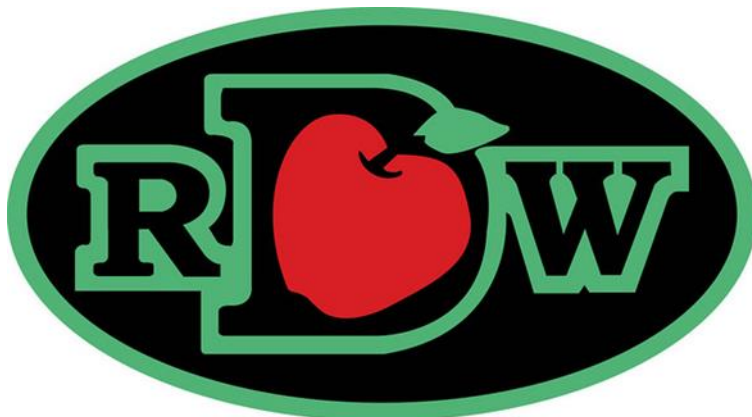




RUSS DAVIS WHOLESALE

EMPLOYEE HANDBOOK

Revised February 2018



Founded in 1955

Employee - Owned

**Leader in Produce
Wholesale**

Team

Innovative

Opportunity

***GROWING
TOGETHER***

-  **Russ Davis Wholesale**
-  **Crazy Fresh Produce**
-  **Wadena Truck & Trailer**
-  **Hammond Truck & Trailer**
-  **Black Jack Express**

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1 INTRODUCTION

1.1 WELCOME

Welcome to Russ Davis Wholesale, Inc., where we are determined to be the best partner possible to our customers. Every position at Russ Davis Wholesale is important to us and we are happy you have chosen to work here. We are committed to integrity, respect for each of our employees, and delivering unbeatable service to our customers. Russ Davis believes the people we hire are the key to our success and we are honored to have you on our team!

This handbook is a guidebook for use by Russ Davis Wholesale and its employees. It provides a summary of policies, procedures, and practices that apply to your employment. At the time of hire, you are given access to the employee handbook. The current version of this handbook will be available on the company intranet or by contacting Human Resources. It is important for employees to read this material carefully and refer to it as needed. Should any questions arise, please feel free to contact your Manager or Human Resources.

The Employee Handbook is not intended to alter the employment-at-will relationship in any way, nor be interpreted as forming an express or implied contract. All employees are employed “at-will” which means Russ Davis Wholesale, Inc. or you as an employee can terminate the employment relationship at any time for any reason not prohibited by law.

This handbook supersedes and replaces any prior handbooks and due to the ever-changing needs of Russ Davis Wholesale, Inc., these policies may change. The material in this handbook is not exhaustive. Although we have attempted to cover matters relevant to employees, we know that it doesn't cover every situation which may arise from day to day. This handbook is a general statement of policy. Russ Davis Wholesale reserves the right to revise, supplement, or rescind any policy or portion of the Employee Handbook as it deems appropriate.

The responsibility for final interpretation of any specific issues as they relate to company policies lies with the senior management of Russ Davis Wholesale, Inc. Herein, Russ Davis Wholesale, Inc. may be referred to as RDW or Russ Davis.

We wish you a successful career at Russ Davis Wholesale, Inc!

1.2 COMPANY PHILOSOPHY

Russ Davis Wholesale achieved its success through its dedication to customer service and providing quality products. Throughout the years, we have developed a superior reputation in the industry and continue to benefit from loyal customers and suppliers. Through partnerships with our customers and making their growth and profitability our top priority, we have benefited and grown along with them. This dedication to customer service is our primary objective. The expectation is that each employee maintains this core value while performing their job duties. If we all do this on an individual basis, then we will be successful in providing a high level of customer service on a Company basis as well. In addition, we all must strive to control

unnecessary costs of the Company. Some examples include, poor productivity, destruction of property, lack of maintenance of equipment, theft, vandalism, etc. Success in these areas are essential to continue to grow and increase the value of our organization. As we succeed, so do our employees.

1.3 COMPANY HISTORY

1955 - Russ Davis Wholesale was founded in June 1955 by Mr. Russ Davis in Wadena, MN. As the Company began to grow, Russ was joined by his son and son-in-law, Gary Davis and Jim Lehr, to run and manage Russ Davis Wholesale. RDW evolved from a one truck operation to becoming one of the area's leading produce distributors.

1991- Gary Davis and Jim Lehr established the Russ Davis Wholesale Employee Stock Ownership Plan and Trust (ESOP). They wanted to create a retirement plan that would allow its dedicated employees to have an ownership interest in the Company and benefit from its success.

1996 - The warehouse in Jamestown, ND was added in April of 1996 and continues to service much of North and South Dakota, along with eastern Montana.

2002 - RDW acquired North Country Produce in 2002 and relocated from St. Paul to a larger facility in Inver Grove Heights in 2003.

2003 - The Company acquired its own over-the-road trucking company (Blackjack Express).

2005 – RDW acquired a diesel repair operation in Wadena, MN to service a fleet that had grown well over 100 tractors, numerous dock trucks and a large assortment of vans and automobiles.

2006 – RDW added a fourth distribution center in Merrill, WI to better service partners in Eastern WI and the Upper Peninsula of Michigan.

2007 – RDW acquired La Crosse Produce and later built a new distribution facility conveniently located off I-90 near the MN and WI borders.

2008 – RDW purchased the remaining shares of stock from the Davis and Lehr families launching Russ Davis Wholesale into a 100% employee-owned company.

2010 – A processing facility was added in Eagan, MN which launched our own custom line of fresh cut fruits and vegetables known as Crazy Fresh Produce.

2015 – The Inver Grove Heights facility became severely outgrown and RDW purchased a facility and truck shop in Hammond, WI. In 2016, the IGH facility was relocated to Hammond.

2017 – The Hammond truck shop, purchased in 2016 opened to the public as Hammond Truck & Trailer Repair.

2018 – The Inver Grove Heights (IGH) facility was refurbished for processing. Eagan processing was re-located to IGH for increased capacity and greater efficiencies. The Eagan facility continues to be used for new food production lines of business focused on deli and meal kit products.

2 EMPLOYMENT

2.1 EMPLOYMENT-AT-WILL

Russ Davis Wholesale has an employment relationship which is known as employment-at-will. The employment relationship is by mutual consent, and the employees have the right at any time to terminate their employment with or without cause.

RDW reserves the right to terminate employees on the same basis, regardless of any statements, written or oral, by RDW, or any of its employees or representatives.

While not required by law, two weeks written notification on intent to resign is requested and should be communicated to your supervisor or department manager.

2.2 EQUAL EMPLOYMENT OPPORTUNITY

Russ Davis Wholesale, Inc. is an equal opportunity employer and complies with all federal and state laws governing equal employment opportunity. In all hiring and employment practices, Russ Davis Wholesale, makes every effort to ensure that it does not discriminate against employees and applicants in all aspects of the employment relationship including, but not limited to, recruiting, hiring, promotion, transfer, termination, working conditions, access to benefits and training, and compensation.

Russ Davis Wholesale is committed to providing equal employment opportunity for all employees and applicants on the basis of merit within the context of its unique business environment, and without regard to race, color, creed, religion, national origin, citizenship status, military status, genetic information, sexual orientation, marital status, status with regard to public assistance, membership or activity in a local commission, disability, age, or any other class protected by federal, state, or local fair employment practice laws.

Russ Davis Wholesale values and promotes diversity in its workplace. Diversity refers to human differences, including those based on culture, ethnicity, gender, and age, that exist in the workforce. Russ Davis Wholesale believes that promoting diversity plays an important role in attracting the widest pool of qualified applicants, fostering greater innovation and creativity, and enhancing our communication and relationships with customers and the community.

Russ Davis Wholesale strives to keep its workplace free from all forms of harassment. Some examples of conduct that might be considered harassment include ethnic slurs, racist jokes, pornographic e-mail, unwelcome touching, display of offensive pictures, or any other verbal or physical conduct that has the purpose or effect of creating an intimidating, hostile, or offensive work environment.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or Human Resources. Employees can raise concerns and make reports without fear of reprisal, harassment, intimidation, threats, coercion or discrimination. Employees are also protected against retaliation for talking about discrimination not on their own initiative but when responding to questions during internal investigations.

All employees, including supervisors and managers, who engage in discriminatory conduct or harassment are subject to immediate disciplinary action, including possible termination of employment.

2.3 REASONABLE ACCOMMODATIONS & THE ADA

In accordance with federal and state law, Russ Davis Wholesale, is committed to complying with all applicable provisions of the Americans with Disabilities Act (ADA), and other applicable laws prohibiting discrimination based on disability in employment. RDW will provide reasonable accommodations to a qualified individual with a disability, provided that such accommodation does not constitute an undue hardship on RDW. Employees with a disability who believe they need a reasonable accommodation to perform the essential functions of their job should contact Human Resources. RDW expects all employees to cooperate in accommodating employees with disabilities. This could mean that employees may occasionally have to assist fellow employees with disabilities in performing the essential functions of their jobs. Such assistance would not constitute additional duties or change an accommodating employee's compensation. Rather, employees who assist fellow employees with disabilities would do so in furtherance of their civic obligation and in recognition of the express purposes of the ADA.

Under the law, RDW may request verification of physical or mental impairment and other appropriate information from the employee, the employee's physician(s) or health care professional(s), and/or a health care professional selected by RDW regarding the requested accommodation.

2.4 PREGNANCY ACCOMMODATIONS

Russ Davis Wholesale will provide reasonable accommodations to an employee for health conditions related to pregnancy or childbirth if she so requests, with the advice of her licensed health care provider or certified doula, unless doing so would impose an undue hardship on the company. "Reasonable accommodation" may include, but is not limited to, temporary transfer to a less strenuous or hazardous position, seating, more frequent restroom, food and water breaks, and limits to heavy lifting.

At a minimum, Russ Davis Wholesale will offer the following accommodations to the pregnant employee without requiring them to seek advice of her licensed health care provider or certified doula: more frequent restroom, food and water breaks; seating; and limits on lifting over 20 pounds.

Russ Davis Wholesale will not retaliate against an employee for requesting or obtaining accommodation under this section. Further, RDW shall not require an employee to take a leave or accept an accommodation.

2.5 IMMIGRATION LAW & E-VERIFY

In compliance with the Immigration Reform and Control Act of 1986, Russ Davis Wholesale neither hires nor continues to employ any employee who is not legally authorized to work in the United States. On or before the

first day of employment, employees must complete Section 1 of Form I-9 and present supporting documentation proving identity and eligibility within three (3) days. Russ Davis Wholesale also participates in the federal E-Verify program.

2.6 HIRING PROCESS

Russ Davis is committed to hiring the most qualified person for each open position and believes that hiring the most qualified individuals to fill positions contributes to our overall strategic success. In hiring the most qualified candidates for positions the following hiring process is applicable:

Job Postings

In general, job openings are posted on RDW's intranet for employees to review. See Transfer and Promotion section for additional information regarding internal applications. External job advertisements will also be posted on public sites with a link to the online application. The amount of time that a job is posted will vary based on the situation.

Referrals

RDW relies on quality employee referrals to fill open positions from the external market. We offer an employee referral bonus to encourage employees to refer quality candidates. Please see the Employee Referral Program for additional details.

Interview Process

Human Resources will screen applications prior to scheduled interviews. Initial phone screening interviews may also be conducted. Once initial interviews are complete, secondary interviews may be conducted. Interviews should be consistent between all applicants with probing questions varying between applicants based on answers and job-relatedness experience.

All interview questions and notes pertaining to the interview process should be sent to Human Resources for compliance purposes.

Selection Process & Criteria

Internal and external applications will be reviewed by the hiring supervisor/manager and Human Resources. The eligibility and skills background of all applicants will be evaluated based on job requirements.

Background Check, Physical Screenings and Alcohol Testing

Once a decision has been made regarding interest in hiring an applicant, an offer will be made contingent upon satisfactory completion of background check, physical screening and drug/alcohol screen. Background checks will be conducted on all final candidates.

Background checks may include:

- **Social Security Verification:** validates the applicant's Social Security number, date of birth and former addresses.

- Prior Employment Verification: confirms applicant's employment with the listed companies, including dates of employment, position held and additional information available pertaining to performance rating, reason for departure and eligibility for rehire.
- Personal and Professional References: calls may be placed to individuals listed as references by the applicant.
- Criminal History: includes review of criminal convictions and probation. The following factors will be considered for applicants with a criminal history:
 - The nature of the crime and its relationship to the position.
 - The time since the conviction.
 - The number (if more than one) of convictions.
 - Whether hiring, transferring or promoting the applicant would pose an unreasonable risk to the business, its employees or its customers and vendors.

The following additional background searches will be required if applicable to the position:

- Motor Vehicle Records: provides a report on an individual's driving history in the state requested. This search will be run when driving is an essential requirement of the position.
- Credit History: confirms candidate's credit history. This search may be run for positions that involve management of funds and/or handling of cash or credit cards.

Procedure:

Human Resources will order the background checks upon receipt of the signed release form, and either internal HR staff or an employment screening service will conduct the checks. A designated HR representative will review all results.

The HR representative will notify the hiring manager regarding the results of the check. In instances where negative or incomplete information is obtained, the appropriate management and Human Resources will assess the potential risks and liabilities related to the job's requirements and determine whether the individual should be hired. If a decision not to hire or promote a candidate is made based on the results of a background check, there may be certain additional Fair Credit Reporting Act (FCRA) requirements that will be handled by Human Resources in conjunction with the employment screening service (if applicable).

Job Offers & Start Dates

An offer will be extended to the most qualified candidate. Once the background check/physical screening/drug and alcohol screen results are received, Human Resources will notify the hiring manager/supervisor of the results. A start date will be established and onboarding will be scheduled.

2.7 CATEGORIES OF EMPLOYMENT

Employees are classified as full-time, part-time, seasonal and temporary/on-call. Eligibility for benefits varies depending on the employee's classification. In addition, positions are classified as either exempt or non-exempt.

Exempt (Not Eligible for Overtime) – Employees occupying jobs classified as exempt are exempt from the recordkeeping and overtime provisions and certain other provisions of the federal Fair Labor Standards Act and state law.

Non-Exempt (Eligible for Overtime): Employees occupying jobs classified as non-exempt receive overtime pay for hours worked according to applicable law and are required to record their actual time worked on a daily basis.

Full-Time – An employee who is regularly scheduled to work an annual average of 30-40 hours per week on a non-seasonal basis. Such employees are eligible for benefits provided they meet the requirements specified in the individual benefit plans.

<30 Hours Part-Time - An employee who is regularly scheduled to work an annual average of less than 30 hours per week will not qualify for benefits except those designated by specific benefit plan documents and/or applicable federal and state laws. See Benefit Section for further details.

Seasonal/On Call – Employees who work on a temporary basis during peak business periods. Their beginning and ending dates are clearly defined. They do not receive PTO or benefits except those designated by applicable federal and state laws.

Temporary Employment Contract- Employees who are engaged to work either part-time or full-time with the understanding their employment will end up on the completion of a specific assignment or at the end of a limited period. The employee will receive holiday pay, PTO and other eligible benefits. Upon the end of the contract the employee is eligible for COBRA if applicable.

2.8 EMPLOYEE STATUS CHANGE

Employee status changes can take many forms such as changing from part-time to full-time; non-exempt to exempt; temporary to regular, etc. Before your employment status changes, your manager must submit in writing a change of status form to Human Resources to ensure all factors have been considered regarding the change.

It is important to understand what a change in status may impact. For example:

- You may no longer be eligible for PTO or other full-time benefits including medical, disability, and life insurance. See Benefit Section for more details.
- Eligibility of overtime may change.
- Employees who move from <30 Part-Time to Full-Time status (30+ hours) will be eligible for benefits the first of the month following full time status provided they have passed their evaluation period of employment and they meet the requirements specified in the individual benefit plans.

2.9 TRANSFERS & PROMOTIONS

Russ Davis Wholesale is committed to promoting and transferring quality, interested employees from within the company as positions become available. It is our goal to continue to foster our employees' professional development and careers. We encourage you to continue to have open and honest conversations with your manager regarding your professional development and career goals. In general, internal job postings will be available on the intranet. However, if reassignment of an employee is related to an organizational change or is considered in the best interest of both RDW and the employee, a posting may not be available.

The extent to which you merit a promotion within the department depends on your abilities, performance, and interest. You must be prepared to meet and display acceptance of greater responsibilities.

During a transition period between positions, it will be expected the employee help facilitate a smooth transition and training of replacements, flexible scheduling, etc.

2.10 EMPLOYMENT OF RELATIVES

Russ Davis Wholesale carefully reviews the employment of relatives and significant others. The employment of relatives or significant others is permitted if, after consideration by Management it does not:

- Create a security risk
- Create an adverse impact on work performance
- Create a conflict of interest or appearance of a conflict of interest
- Create a direct or indirect supervisor/subordinate relationship

Employees are required to notify HR and Management immediately of any current relatives or significant others and future change of relatedness. Possible exceptions to this may include seasonal or on-call assignments, as approved by Management.

2.11 FRATERNIZATION

Russ Davis finds interpersonal (i.e. dating) relationship between supervisors and subordinates potentially problematic. The company also neither promotes or condones dating relationships of employees/co-workers. If an interpersonal relationship happens, the company will make every effort to place the employees in different departments and/or different shifts. At no time shall they have a reporting relationship.

Professional interaction at work is expected at all times. Interpersonal relationships can create a perceived or real problem, which may lead to degradation of morale, loss of productivity or possible legal action. We expressly reserve the right to require one of the employees to resign.

2.12 EMPLOYEE CONCERNS AND SUGGESTIONS

At RDW, we realize that effective communication between employees and management is essential to maintain a productive working relationship. This is especially true with employee's complaints or grievances. If there is a misunderstanding about your job or the company's policies, we ask that you talk it over with your

supervisor first. If for some reason you don't feel you can talk to your supervisor, or you are not fully satisfied with their answer, you may seek help from the Human Resources Department who will assist in resolving the situation. Furthermore, this policy encourages you to go to any member of management to resolve a problem or complaint.

We cannot promise that you will agree with every decision or response; however, we do promise you the opportunity to talk to someone.

In addition, recognizing that on-the-job work experience is the best source of suggestions for improvement in the workplace, management welcomes and solicits ideas from all employees.

Suggestions concerning the company's operation, general maintenance, facilities, services, or other matters should be made to your supervisor or their manager.

We encourage all employees to bring their concerns directly to the company management. Concerns that are expressed only to co-workers or to persons outside the company are not likely to be given the attention that they deserve and may violate confidentiality considerations.

2.13 RIGHT TO REVIEW PERSONNEL RECORD

Russ Davis Wholesales maintains a personnel record on each employee. Employees have the right to review their personnel record by submitting such a request to Human Resources in writing. Employees have the right to such a review once every six months during their employment. Upon separation from service, former employees may review their personnel record once each year after separation as long as Russ Davis maintains the personnel record according to retention guidelines.

TIME TO COMPLY:

Upon receipt of written request, Human Resources will respond within seven working days if the personnel record is located in employee's state, or no later than 14 working days after receipt of the if the personnel record is located outside of employee's state.

CURRENT EMPLOYEES:

For current employees, a review of the personnel record will be allowed during regular business hours at the worksite in presence of a Human Resource designee or Manager. RDW will not charge for a copy of the personnel record.

SEPERATED EMPLOYEES:

Russ Davis will provide a copy of the personnel record at no charge.

DISPUTES:

If you dispute specific information contained in your records, Russ Davis may agree to remove or revise the disputed information to achieve accuracy. If an agreement is not reached, the employee may submit a written statement of no more than 5 pages specifically identifying the disputed information and explaining the employee's position. RDW will include the statement in the personal record for as long as the disputed

information is maintained in the employee's personnel record. RDW will provide the position statement to any other person who receives a copy of the disputed information from the employer after the position statement is submitted.

GOOD FAITH STANDARD:

Russ Davis Wholesale may deny the employee or former employee the right to review his or her personnel record if such individual's request to review is not made in good faith.

DEFAMATION ACTIONS PROHIBITED:

No communication by an employee of information obtained through a review of his or her personnel record may be made the subject of any action by the employee for libel, slander, or defamation, unless the employee has requested that RDW comply with any employee right under "removal or revision of information" above and RDW did not so comply.

No communication by RDW of information contained in an employee's personnel record after the employee has exercised his or her right to review his or her personnel record may be made subject of any common law civil action for libel, slander, or defamation unless: 1) the employee disputed the information in the personnel record; 2) RDW refused to remove or revise the disputed information; 3) the employee has submitted a written position statement; and 4) RDW either i)has refused or negligently failed to include a copy of the employee's position statement along with the disputed information or thereafter provide a copy of the statement to other personas as required above; or ii)thereafter communicated the disputed information with knowledge of its falsity or in reckless disregard of its falsity.

A common law civil action for libel, slander, or defamation based upon a communication of disputed information contained in an employee's personnel record is not prohibited if the communication is made after Russ Davis and the employee reach an agreement to remove or revised disputed information and the communication is not consistent with the agreement.

USE OF OMITTED PERSONNEL RECORD INFORMATION:

RDW will not use any omitted information properly belonging in an employee's personnel record provided by RDW to the employee for review in any administrative, judicial or quasi-judicial proceeding, unless RDW did not intentionally omit the information and RDW gives the employee a reasonable opportunity to review the omitted information prior to its use.

NO RETALIATION:

RDW will not retaliate against any employee for asserting his or her rights or remedies with respect to his or her personnel file outlined above.

3 WORK SCHEDULES & ATTENDANCE

3.1 WORK SCHEDULES

Work schedules are established based on the work load, production flow, and customer service needs. Your schedule will be determined by your department supervisor. The supervisor will inform/post the weekly schedule. Please ensure you are checking the schedule often because it may change.

Nonexempt employees' attendance at meetings and training programs will be considered hours of work.

Exempt employees are generally expected to be at work during regular business/department hours. They are also expected to work beyond regular hours as needed to meet the duties and responsibilities of their position. Russ Davis complies with the federal Fair Labor Standards Act and may deduct a full-day absence from work for personal reasons when the employee has no company provided time to cover the absence.

3.2 HOURS OF WORK

RDW needs to have the flexibility to schedule people when needed. We try to accommodate individual needs as much as possible and still meet the needs of the organization. It may, however, be necessary to ask staff to work at times other than their regularly scheduled time. RDW reserves the right to change employees' regularly scheduled work hours to best serve the needs of the company and our customers.

3.3 OVERTIME

It is RDW's practice to avoid requiring excessive overtime hours for nonexempt employees as much as possible. However, when this is not possible, overtime will be paid to non-exempt employees. Overtime is any time worked in excess of 40 hours of any one-week beginning from Sunday and ending Saturday. Overtime is based on a work week only, not on a daily basis. Non-exempt employees are paid overtime at the rate of 1.5 times the employees' regular rate.

During a week when employees are granted a holiday or PTO day, straight time will be paid that week unless time physically worked (without the PTO or holiday) was in excess of 40 hours.

3.4 TIME CLOCKS

Hourly employees are to use their designated time clock when coming/going. The time clock keeps track of hours worked. You must use the timeclock to punch when you begin work or return from a meal or break period. As well, you must punch when you leave work or leave for a meal period or break period. (See Break & Meal Period policy). Time clock rules include the following:

- When you are clocked in you are expected to be performing your job duties.
- Do not clock in more than 5 minutes prior to the start of your scheduled shift unless you have prior authorization from your supervisor.
- Do not clock in or out for another employee.

- Never do any work unless you are clocked in.

Altering, falsifying, or tampering with time record may lead to discipline up to and including termination.

3.5 BREAK & MEAL PERIODS

BREAK/REST PERIODS:

State break requirements vary from state to state. Applicable state law will be adhered to in all cases. State law will be posted at each location and on the intranet.

Supervisors may authorize rest periods for their employees, taking into account their department's operational requirements and employee needs (including any disability accommodations.) Russ Davis Wholesale shall pay employees for up to 15 minutes for rest periods per 4 hours worked. Rest periods should not exceed 15 minutes in duration.

Break periods are provided on a use-it-or-lose-it basis. Employees who forego break periods cannot accumulate any unused break periods or use break periods as the basis for starting late, quitting early, or extending scheduled meal periods.

You must continue to use the time clock to track all breaks. Employees who take unauthorized breaks, excessive breaks, or extended authorized rest periods beyond approved limits can be subject to discipline, up to and including termination.

Note: Reasonable accommodation for additional breaks may be considered if medically necessary. Please contact your manager or Human Resources.

MEAL PERIODS:

State meal period requirements vary from state to state. Applicable state law will be adhered to in all cases. State law will be posted at each location and on the intranet.

You are permitted to take a half an hour (30 minute) meal period. Assuming you are relieved of your duties completely, this time will be unpaid. In departments with flexible work operations, employees can elect the timing of their meal periods. In departments that require continuous staffing, supervisors may schedule meal times to ensure essential functions are covered at all times. Supervisors are responsible for balancing work loads and scheduling breaks.

Employees who voluntarily forego meal periods are not entitled to additional pay or time off.

Employees who take unauthorized meal periods or extend authorized meal periods beyond approved limits can be subject to discipline, up to and including termination.

No employee may consume food or drink in warehouse/production areas. An employee break room is available at each location for consumption of meals and for breaks.

3.6 ATTENDANCE/NOTIFICATION OF ABSENCE OR TARDINESS

To maintain a safe and productive work environment, we expect you to be reliable and to be punctual in reporting for scheduled work. Regular attendance is an essential function of most positions. See job descriptions. In order to provide quality service for our customers and to lessen the adverse impact on the employees who must cover the absentee's job, it is imperative that any tardiness or absenteeism be kept to a very minimum.

Employees are expected to report to work as scheduled. In the event of sickness, accident or other justified reasons, employees must **verbally** report their absence to their immediate supervisor in advance and prior to their shift if they are unable to attend work or will be late in arriving for their shift. Texting into work is unacceptable. You are also obligated to inform their supervisor as to when you expect to return to work.

- If an absence continues for more than one day, you must contact your supervisor each day. (Exception for daily notification: You have provided a doctor note removing you from work for a period of time.)
- Any employee out ill for 3 consecutive work days in a row or returning from a medical leave of absence will be required to provide a return to work slip from their doctor.
- If you are under the care of a health care provider and require time off of work due to a medical condition, the health care provider should provide you a written note excusing you from work and a fitness for duty to return to work. This note should clearly identify that you are unable to perform your usual job with or without modification and indicate the length of time you are expected to be off of work due to medical reasons. We make every effort to work with you and your physician if modified work is required due to a medical condition. Please also review the Family and Medical Leave Act information that may be relevant to your situation.
- Being absent without notifying your supervisor, will generally be considered job abandonment and a voluntary resignation of employment.
- When an employee is out ill, or absent from work, the employee must use all accrued and unused paid time off (PTO) to cover the absence before taking unpaid time. Time off without pay is not an option if the employee has accrued PTO to cover the time.

Unless absences are approved as defined in the Handbook, failure to meet these requirements may result in discipline, up to and including termination. Absenteeism will be handled on an individual and case by case basis since individual situations vary.

4 PAY & PERFORMANCE PRACTICES

4.1 PAY DAY

Russ Davis Wholesale processes payroll weekly. Pay is issued on Fridays and is one week in arrears (i.e. you are paid Friday for the previous week). The workweek starts on Sunday and ends on Saturday.

In the event a scheduled payday falls on a federal holiday, you will be paid the day before.

On each pay day your pay statement will be posted on the VIBE payroll system. We strongly suggest all employees use Direct Deposit. You may use multiple accounts if you choose. If you do not have a bank account, or prefer to not use a bank account, you will be issued a Pay Card.

If you discover a mistake in your payroll or lose a paycheck, you must notify Human Resources immediately. In the case of a mistake, the error will be remedied promptly. In the case of loss or theft, Human Resources will attempt to stop payment on the check and reissue a new one if possible. Note – the employee may be responsible for the cost of a stop payment. If you lose your pay card or suspect fraudulent activity, you must contact the company who issues the card for a replacement or to report an issue. Due to security protocol, Human Resources is not able to contact them on behalf of the employee.

It is highly encouraged you use Direct Deposit. Should you request a paper check you will be presented a deduction authorization form for a fee of \$50 per week to cover the cost of the overnight delivery charge.

Changes to your payroll information must be received on Monday of that week to be effective on Friday's payroll.

4.2 PAY DEDUCTIONS & GARNISHMENTS/WAGE ASSIGNMENTS

The law requires that we make certain deductions from your pay. Among these are FICA (Social Security and Medicare taxes) and applicable federal and state income taxes. Law determines the amount of your tax deductions and the number of dependents you claim also affects the amount of federal and state income tax withheld. It is your responsibility to keep your deductions current. If you wish to change your withholding deductions you must complete a new W-4 form.

Human Resources may receive an official order from the court which may result in a withholding deduction from an employee's pay. It is our responsibility to process child support and wage assignments/garnishment orders in accordance with the instructions received with the court and/or government order. No order can be stopped without written approval from the court and/or government agency. Restrictions on garnishments will be followed regarding employee's disposable earnings; and based on applicable federal minimum wages. The exception to this rule applies to dependent child support payments. Disposable earnings mean the earnings after all deductions are withheld.

4.3 PAY ADMINISTRATION

Our objective is to provide a fair, equitable and competitive compensation program for individual employees. Wage and salary adjustments are based on merit, individual performance, productivity, market conditions, company performance, and other factors.

4.4 TOTAL COMPENSATION

It is always important to remember that your total compensation consists of more than just your base pay. Your total compensation also includes incentives, training, insurance benefits, stock-ownership, and/or perks you may receive from the organization.

4.5 WAGE DISCLOSURE PROTECTION

All state laws will be followed regarding wage disclosure protection.

Under Minnesota law, an employer shall not:

1. Require nondisclosure by an employee of his or her wages as a condition of employment;
2. Require an employee to sign a waiver or other document which purports to deny an employee the right to disclose the employee's wages; or
3. Take any adverse employment action against an employee for disclosing the employee's own wages or discussing another employee's wages which have been disclosed voluntarily.

Nothing in this section shall be construed to:

4. create an obligation on any employer or employee to disclose wages;
5. permit an employee, without the written consent of the employer, to disclose proprietary information, trade secret information, or information that is otherwise subject a legal privilege or protected by law;
6. diminish any existing rights under the National Labor Relations Act under United States Code, title 29; or
7. permit the employee to disclose wage information of other employees to a competitor of their employer.

An employer that provides an employee handbook to its employees must include in the handbook notice of employee rights and remedies under this section.

An employer may not retaliate against an employee for asserting rights or remedies under this section.

An employee may bring a civil action against an employer for a violation of paragraphs 1-3 listed above. If a court finds that an employer has violated paragraph 1-3 listed above, the court may order reinstatement, back pay, restoration of lost service credit, if appropriate, and the expungement of any related adverse records of an employee who was the subject of the violation.

If you have any questions or concerns regarding wages, please contact Human Resources or your manager.

4.6 INTRODUCTORY PERIOD

The first 60 days of employment are known as the introductory period of employment. It is a temporary period that gives you, the new employee, an opportunity to discover if you enjoy working for RDW and want to continue doing so. This time is used to train the employee in his or her specific job responsibilities and procedures. Likewise, it gives the RDW the chance to evaluate your interest in the position and your ability to fulfill the job-related requirements of the work. Upon completion of the 60-day introductory period, the employee may receive an evaluation by his or her supervisor. RDW also reserves the right to extend the evaluation period beyond 60 days at Management's discretion.

4.7 PERFORMANCE EVALUATION

Russ Davis has a continuing interest in your job satisfaction, level of performance and development. Coaching between supervisors and employees should be ongoing. A performance evaluation helps facilitate this process in a formal manner as well as aid in the administration of the compensation program. A performance evaluation does not necessarily coincide with a pay increase.

Performance evaluations should:

- Provide an objective assessment of the achievement of assigned duties and established goals.
- Indicate areas where there are opportunities to improve performance and communicate desired results.
- Discuss success and achievements.
- Provide feedback and identify opportunities for additional development or advancement.
- Provide opportunity for department/employee planning and goal setting.

Our goal is to conduct a performance review of non-exempt employees at approximately 60 days from the date of hire at RDW. Formal review on a company-wide basis may take place on a semi-annual basis, around the September and March timeframes. Reviews may also take place on an as-needed-basis, in order to give the employee ample time to make improvements if necessary. Managers and employees are encouraged to have open, collaborative communication at all times.

5 BENEFITS & TIMEOFF & REWARDS

5.1 OVERVIEW

RDW recognizes that people are an important asset and provides a comprehensive benefits program for its employees. The program is designed to provide health, disability, paid time off, and survivor benefits to help in the times of illness, injury or death, as well as financial benefits that offer opportunities for long-term financial security.

Each benefit plan has specific eligibility requirements such as employee's length of service and/or number of hours worked. These terms are governed by a benefit plan document which is available upon request from Human Resources or found on the HRIS system. Where the provisions of this handbook are inconsistent with the applicable plan document, the plan document will control.

Russ Davis reserves the right to modify, amend, or terminate its benefits as they apply to all current, former and retired employees.

5.2 ELIGIBILITY & COVERAGE CHART

Please see plan documents for additional details.

BENEFIT	Full-Time ≥30 Hours	Part-Time <30 Hours	OnCall/Seasonal/Temp
Paid Time Off (PTO)	Eligible – Hours paid based on employee’s regular payroll schedule.	Not Eligible	Not Eligible
Holiday	Eligible – Hours paid according to the employee’s regular payroll schedule 1 st of the month following 60 days	Not Eligible	Not Eligible
Medical (includes Vision)	1 st of the month following 60 days	Generally Not Eligible (exception ACA)	Not Eligible
Dental	1 st of the month following 60 days	Not Eligible	Not Eligible
Life – Term & AD&D	1 st of the month following 60 days	Not Eligible	Not Eligible
Short-Term Disability	1 st of the month following 60 days	Not Eligible	Not Eligible
Long-Term Disability	1 st of the month following 60 days	Not Eligible	Not Eligible
Flexible Spending	1 st of the month following 60 days	Not Eligible	Not Eligible
ESOP	Employees at least 21 years of age working 1,000 + hours in plan year. Eligible the 1 st of the year of your 1 st Anniversary. Distributions occur summer of following year. See plan document for additional details.		
Bereavement Pay	Eligible	Not Eligible	Not Eligible

Jury Duty Pay	Eligible	Eligible	Eligible
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5.3 MEDICAL, DENTAL, VISION

The RDW medical plan is provided to help protect employees and their families when illness or injury occurs. The plan provides benefits for hospitalization, doctors' fees, surgery, prescriptions, and many other medical services and supplies.

You will share in the cost of the medical expenses through premium contributions paid through payroll deductions. Weekly deductions for coverage in the medical plan may be taken out of your pay before income taxes.

Dental coverage is included with the Medical enrollment at no additional cost. However, you can enroll in Dental only coverage (no medical coverage needed). Dental coverage encourages routine preventative dental care as well as covers part of the expenses for restoration and major treatment such as fillings, bridges, and crowns.

Vision coverage is also included under the medical coverage. The medical plan covers the eye exam. There is also a \$250 every two years reimbursement plan for each covered individual for frames, lens, contact lens.

See Summary Plan Description for coverage for additional details.

ELIGIBILITY:

If you work 30 hours/week or more, you are eligible to enroll into the medical/dental plan.

ENROLLMENT:

If you are a new hire or newly eligible for benefits due to a change in hours, you are eligible to enroll into the medical/dental/vision plan within the first 30 days of employment if you meet eligibility requirements.

If you enroll, Coverage will begin the first of the month following the 60-day introductory period. If you waive coverage during the initial enrollment period, the next eligible time to enroll would be during Open Enrollment. Open enrollment occurs every November/December with the coverage beginning January 1st.

You may also enroll if there has been a qualifying life event. A qualifying life event includes:

- You become married or divorce
- Have a newborn child or adopt a child
- Experience a loss of coverage (e.g. an employee who initially waives coverage and loses coverage due to a termination or change in coverage)
- Status changes from less than 30 hours to 30 hours or more/week.

All insurance changes must be reported promptly (within 30 days) to ensure that you have the proper coverage for all your dependents. (Ex: marriage, births, adoptions or court ordered legal guardianship.) Proof of the qualifying event will be required.

STATUS CHANGES:

If you go from full-time to part-time (less than 30 hours a week), then you are no longer eligible for medical/dental coverage but may continue coverage for up to 18-months through COBRA. This coverage will be cancelled the 1st of the month following the status change if you don't elect COBRA.

If you go from a part-time status to a full-time status (30+ hours a week), then you are eligible for coverage the 1st of the month following the status change (assuming 60-day probationary period has been met).

WITHDRAWAL:

You may withdraw medical/dental coverage at any time throughout your employment if there is a change in status, special enrollment, or end of a stability period. (See Summary Plan Description). The coverage will be cancelled the 1st of the month following the withdrawal. You may be required to provide proof of other coverage. You may not re-enroll until Open Enrollment or there is a qualifying life event.

MISCELLANEOUS:

If you are on a paid leave of absence, your medical coverage will be continued and your normal deductions will be applied.

If you are on an unpaid leave of absence, your medical coverage may be continued during the approved leave by paying your portion of the premiums directly to Russ Davis Wholesale. However, if you are on an unpaid leave of absence longer than what is protected by FMLA, we are required to initiate COBRA continuation coverage of which you will be responsible for the full cost of the medical/dental premium until your leave ends.

5.4 LIFE AND AD&D INSURANCE

Russ Davis provides a basic life (term and accidental death and dismemberment (AD&D)) insurance program at no cost to eligible employees. The basic life insurance coverage is provided without evidence of insurability as long as you are enrolled within 30 days of your hire date or benefit eligibility date.

See the Summary Plan Description for additional details.

5.5 SHORT/LONG-TERM DISABILITY

If you become disabled and cannot work, no benefit becomes more important to your financial security than Disability Income Protection. The Short-Term Disability (STD) and Long-Term Disability (LTD) will replace a portion of your income for a defined maximum period of time. Both of these plans are voluntary and premiums are paid for by the employee.

The STD plan provides 60% of your salary, up to a maximum benefit of \$1,000 per week, for 90 days of disability. If you become disabled due to an accidental injury, your benefit begins on day 1. If you become disabled due to an illness, disorder or pregnancy your benefit begins on day 8.

The LTD plan provides 60% of your eligible earning, up to a maximum benefit of \$5,000 per month. The benefit waiting period is 90 days. The maximum length of time you could be eligible to receive disability benefits is 65 years of age. Reduced benefits begin at age 62.

ELIGIBILITY:

If you work 30 hours/week or more, you are eligible to enroll into the long and short-term disability plans. The coverage is optional and is paid for at the employees' cost on a post-tax basis.

ENROLLMENT:

If you are a new hire or newly eligible for benefits due to a change in hours, you are eligible to enroll into the short/long-term disability insurance within the first 30 days of employment if you meet eligibility requirements.

If you enroll, Coverage will begin the first of the month following the 60-day probationary period. Note: If you do not apply for coverage within 31 days of becoming eligible, your short-term benefit waiting period for any qualifying disability caused by physical disease, pregnancy or mental disorder occurring during the first 12 months of coverage will be 60 days.

You may also enroll if there has been a qualifying life event. A qualifying life event includes:

- You become married or divorce
- Have a newborn child or adopt a child
- Experience a loss of coverage (e.g. an employee who initially waives coverage and loses coverage due to a termination or change in coverage)
- Status changes from less than 30 hours to 30 hours or more/week.

STATUS CHANGES:

If you go from full-time to part-time (less than 30 hours a week), then you are no longer eligible for disability insurance.

If you go from a part-time status to a full-time status (30+ hours a week), then you are eligible for coverage the 1st of the month following the status change (assuming 60-day probationary period has been met).

WITHDRAWAL:

You may withdraw disability coverage at any time throughout your employment. The coverage will be cancelled the 1st of the month following the withdrawal. You may not re-enroll until Open Enrollment or there is a qualifying life event.

MISCELLANEOUS

If you are on a paid leave of absence, your disability coverage will be continued and your normal deductions will be applied. If you are on a leave covered by your disability coverage, your premiums will be waived.

If you are on an unpaid leave of absence, your medical coverage may be continued during the approved leave by paying your portion of the premiums directly to Russ Davis Wholesale.

5.6 FLEXIBLE SPENDING ACCOUNTS

The flexible compensation plan may offer you a significant opportunity to increase your spendable income by paying the expenses covered by the plan with pre-tax dollars. Because your accounts under the plan are credited with your salary reductions before Federal, State, and Social Security taxes are withheld, the amount of your salary which will be subject to tax will be less.

The Plan allows you to choose the amount to be deducted from your paycheck in equal installments throughout the year. The Internal Revenue Service establishes maximum contributions each year.

The flexible benefits include pretax employee funded:

- Medical FSA – reimbursement of eligible medical and dental care expenses incurred by the employees, spouses, and dependents covered or not covered by insurance.
- Limited Healthcare FSA (For those under a Qualified HSA plan) – Reimbursement of eligible medical and dental care expenses (after annual deductible has been reached) incurred by the employees, spouses and dependents covered or not covered by insurance.
- Dependent Care FSA – Reimbursement of eligible expenses incurred in caring for dependents (example – child day care) while the participant is enrolled in the Plan.

ELIGIBILITY:

If you work 30 hours/week or more, you are eligible to enroll into the flexible spending plans.

REIMBURSEMENT:

At any time during the plan year, you may submit an expense statement for medical and dental expenses not covered by insurance and dependent care expenses for which you wish to be reimbursed.

Medical and dental expenses will be reimbursed to the extent of the total amount of the salary reductions designated for those benefits less the amount of reimbursement made previously during the plan year. If the amount of the employees' dependent care expenses exceeds the amount of the account balance at the time the expenses are submitted, the unreimbursed expenses will be carried forward to the following month for reimbursement, except that no amount will be carried forward to a new plan year.

Important**

IRS rules dictate these plans are a Use-It-OR-Lose-It; you may carry over \$500 of an unused balance in your Medical FSA or Limited Medical FSA. There is no carryover for the Dependent Care FSA. Therefore, you should be very careful in completing the enrollment for not to designate an amount of salary reduction which you anticipate will be more than the actual expenses which you will incur during the plan year.

STATUS CHANGES:

Under Federal law, employees cannot change or revoke their enrollment during the plan year unless such change or revocation is on an account of or consistent with a change in status or other qualifying event as outlined in the summary plan description.

TERINATIONS:

If you terminate your employment with Russ Davis Wholesale, you will be allowed to submit your remaining medical and dental expenses and dependent care expenses for reimbursement if the expenses were incurred prior to your termination of employment. In addition, claims for dependent care expenses may be submitted for reimbursement if the expenses were incurred after your termination of employment but during the plan year. However, medical and dental expenses incurred during the plan year but after your termination will be reimbursed only if you continue to make your regularly scheduled payments for health care expense benefit on an after-tax basis through COBRA.

Please see the summary plan description for additional information.

5.7 BENEFITS CONTINUATION (COBRA)

The federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) gives employees and their qualified beneficiaries the opportunity to continue the health, dental and/or the Section 125 Cafeteria Plan coverage under Russ Davis Wholesale's health plan when a "qualifying event" would normally result in the loss of eligibility.

Some common qualifying events include:

- Termination (voluntary or involuntary) of employment
- Death of an employee
- Reduction in an employee's hours
- Leave of absence
- Active military duty when you don't voluntarily maintain health coverage
- Failure to return to work at the end of FMLA
- Divorce or legal separation
- Medicare Entitlement
- Change in dependent eligibility requirements

Under COBRA the employee or beneficiary pays the full cost of coverage at the Company group rates. As an employer, Russ Davis is required to provide initial COBRA notification to covered employees and dependents. This notice can be found on the intranet with additional benefit information.

If you experience a qualifying event, RDW's third party administrator will mail a COBRA election notice and election form to you. You then have the right to choose continuation coverage at group rates if you lose group health coverage because of a qualifying event.

It is your responsibility to inform Human Resources of a divorce, legal separation, or child losing dependent status within 60 days of the date of the event or the date in which the coverage would end under RDW's plan, whichever is later.

If you do not elect to continue coverage, coverage will end. If you elect to continue coverage, you will receive coverage identical to the coverage provided under the plan to other nonCOBRA members. You are

responsible for the full cost of these plans and will be to carry coverage for 18 months. The 18 months may be extended to 36 months if other events (such as death, divorce, legal separation, or Medicare entitlement) occur during that 18-month period.

Your continuation of coverage may be terminated for any of the following reasons:

- The premium for your continuation coverage is not paid on time
- You become covered by another plan
- You become entitled to Medicare
- RDW no longer provides group coverage to any of its employees
- If coverage is extended an additional 11 months due to disability and there is a determination that the individual is no longer disabled.

5.8 EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

Russ Davis is proud to be an employee-owned organization. We believe our employees should share in the success of our company in a tangible way. Participating in the ESOP program means employees are part owners of the company and benefit financially from a job well done. In this way, there is a direct incentive for employees to work hard and take pride in what they do.

An Employee Stock Ownership Plan (ESOP) is a tax- deferred retirement plan, similar to a profit sharing or 401(K) plan. The primary difference is that an ESOP is designed by law to be primarily invested in company stock. Like all qualified retirement plans, the ESOP is governed by the Employee Retirement Income Security Act of 1974, as amended (ERISA), and the Internal Revenue Code of 1988, as amended.

To be eligible for the ESOP plan an employee must be employed for one (1) year of service, work a minimum of 1,000 hours, and be at least 21 years old, as of the anniversary date of December 31 of each year.

You can find additional information regarding the ESOP in the ESOP Highlights.

5.9 SERVICE AWARDS

Russ Davis is proud to recognize our employees and their continued length of service, loyalty, hard work and dedication to the company. All regular employees (excludes temporary and seasonal) are eligible for the service award program.

5 years:	\$50 Crazy Cash Certificate for the Company Store
10 years:	\$100 (Payroll Bonus)
15 years:	\$150 (Payroll Bonus)
20 years:	\$200 (Payroll Bonus)
25 years:	\$250 (Payroll Bonus)
30 years:	\$300 (Payroll Bonus)
35 years:	\$350 (Payroll Bonus)
40 years:	\$400 (Payroll Bonus)

For the purposes of this policy, the employee's current hire or rehire date will be used for calculation of years of service. Time as a contractor or temporary employee does not count towards years of service.

Applicable payroll tax will apply to the bonuses.

5.11 PAID TIME OFF (PTO)

Occasional time away from work is important to re-energize and maintain a healthy balance between personal life and work responsibilities. Therefore, Russ Davis Wholesale provides eligible employees with PTO. Examples of PTO absences include: vacation, illness or injury, family member's illness or injury.

ELIGIBILITY:

- Only regular full time (30+ hours) employees will receive paid time off. Temporary or part-time (<30 hours) employees will not receive PTO.

QUALIFYING DATE:

- If an employee's work status changes from part time (or seasonal) to full time, the PTO accrual rate is calculated based on the date of transfer rather than the original hire date

PTO ACCRUAL:

	PTO Multiplier/ Hours Worked	Equivalent PTO Days Available assuming 40 hours worked/week
During 1 st Year	0.019	5 Days (40 hours)
During 2 nd Year	0.031	8 Days (64 hours)
During 3 rd Year	0.039	10 Days (80 hours)
During 4 th Year	0.050	13 Days (104 hours)
During 5 th Year	0.054	14 Days (112 hours)
During 6 th Year	0.058	15 Days (120 hours)
During 7 th Year	0.062	16 Days (128 hours)
During 8 th Year	0.065	17 Days (136 hours)
During 9 th Year	0.069	18 Days (144 hours)
During 10 th Year	0.073	19 Days (152 hours)
During 11 th Year	0.077	20 Days (160 hours)
During 12 th Year	0.081	21 Days (168 hours)
During 13 th Year and beyond	0.088	23 Days (184 hours)

- A maximum of 184 hours will be allowed in your PTO bank. Shall you go over this maximum, you will have until the end of the respective quarter to bring your balance below 184. If you are unable to accomplish this, you will automatically be paid out the balance over 184 hours (applicable IRS taxes will apply).
- PTO accrual will be suspended during the any unpaid personal leave.

SCHEDULING:

- Written PTO requests should be submitted to your supervisor as far in advance as possible. Every effort will be made to honor your requests, but management reserves the right to limit the number of staff on vacation at any one time in order to accommodate workload and customer needs. This also means there may be weeks in which your supervisor is not able to accommodate any PTO requests. PTO schedules will be approved at the discretion of your department supervisors.
- PTO can be used in 4-hour or 8-hour increments.
- Personal time, vacation, illness days, etc. all come out of your allocated paid time off accrual.

CASH-IN

- Employees are eligible for a “cash-in” program. Employees may cash out 1 week per payroll period. Applicable IRS taxes will be applied.
- Balances remaining in PTO will be paid out upon termination. Exception: If you terminate during your 60-day introductory period, no PTO balances will be paid.
- A minimum of 24 hours must be cashed out at a time. You must also have 24 hours remaining after a cash out.

ACCRUAL OF PTO BENEFITS DURING UNPAID LEAVE:

Generally, employees on unpaid leave are not entitled to continue accruing paid leave benefits. This includes employees who are receiving income replacement benefits such as short-term or long-term disability insurance benefits, and workers’ compensation. An employee on an eligible military leave may be entitled to reinstatement upon returning from military leave with all benefits that would have been obtained. The employee is able to continue to accrue length of service time, but does not earn PTO, for the period of time missed for qualifying military duty.

5.12 HOLIDAYS

RDW provides six (6) paid holidays per year for all regular full-time employees who have passed their introductory period.

ELIGIBILITY:

To be eligible for holiday pay an employee shall have worked the last scheduled work day prior to and the next scheduled work day immediately following such holiday unless the employee has prior approval. If you have approved PTO prior to the holiday, you are still eligible. However, if you call out (PTO or unpaid), are on FMLA, Work Comp leave, or other absences, you are not eligible for Holiday pay.

RECOGNIZED HOLIDAYS:

Eligible employees will receive pay for the following holidays:

- | | |
|------------------|---------------|
| New Year’s Day | Memorial Day |
| Independence Day | Labor Day |
| Thanksgiving Day | Christmas Day |

- Those employees working the actual holiday will be paid an extra 8 hours Holiday pay in addition to hours worked. Those that do not work and qualify for the holiday will receive 8 hours of Holiday in lieu of time not worked.
- Holiday time is not included for purposes of calculating overtime.

5.13 BEREAVEMENT LEAVE /FUNERAL PAY

In the event of a death in an employee's immediate family an employee may be allowed to take time off. The employee must notify his/her supervisor immediately.

ELIGIBILITY:

- Full Time Employees working 30+ hours per week.
- Prior approval must be obtained. If not, you may not be paid for bereavement.

PAY:

- When a death occurs in the immediate family, an employee may request up to three (3) days off with pay to attend the funeral and make arrangements. Immediate family is defined as the employee's spouse/domestic partner, child or step-child, parent or step-parent, sibling or sibling-in-law or step-sibling, parents-in-law, grandparents, and grandchildren.
- Unusual circumstances, such as extended travel or other complications, may warrant additional time off (without pay or use of PTO) at the discretion of the company. Days off with pay, are not a guarantee and must be approved by your Supervisor.
- Funeral Pay will not be made under this policy when a death occurs during a personal leave of absence or personal time.
- Funeral Pay is calculated based on the base rate of pay at the time of absence and will not include any special forms of compensation (mileage, incentives, overtime, etc.). Funeral Pay must be recorded appropriately on timecards and/or reported to Payroll.

5.14 JURY DUTY & WITNESS LEAVE

RDW recognizes the responsibility of its employees to fulfil their civic obligations. When you receive your summons for jury duty service, you must immediately provide your supervisor with a copy of the summons to arrange for time off.

Full Time employee working 30+hours will earn their normal compensation during this time.

When you receive your payment from the court, you must submit a copy of the jury duty compensation check. RDW will then deduct the amount you received (excluding the amount received for mileage) for jury duty time from your next payroll check.

It is expected that you meet job responsibilities to the best of your ability during jury duty and to report to work when excused early or not required to report for jury duty by a judge or court administrator.

If you are called to appear as a witness you will be permitted time off. This will be unpaid time, unless you have PTO available.

5.15 ABSENCES FOR CHILD'S SCHOOL ACTIVITIES

You may use up to 16 hours each 12-month period to attend a child's school conference, classroom activities and preschool activities, if those conferences or activities cannot be scheduled outside your work schedule. You may take this time unpaid or may use earned PTO. You must give your supervisor reasonable notice of the upcoming absence and make a reasonable effort to schedule the time off so as not to disrupt work.

5.16 MILITARY LEAVE

In compliance with the Uniformed Services Employment and Reemployment rights Act of 1994 (USERRA), team members who are a member of the United States Army, Navy, Air Force, Marines, Coast Guard, National Guard, Reserves, Public Health Service or any other category designated by the President of the United States under USERRA will be granted an unpaid leave of absence for active military service, training or related obligation in accordance with applicable law. Employees must provide reasonable prior notice for leave.

The leave will be unpaid although you may choose to use accrued PTO. For tours of greater than 31 days, benefits will be provided only until the beginning of the unpaid leave in which the military leave begins. At that time, you will be offered continuation coverage (COBRA) and will be responsible for the full costs of these benefits if you wish coverage to continue. When you return from military leave, RDW according to applicable plans will again provide benefits as through no break in coverage had occurred. Benefit accruals, such as PTO or holiday benefits, will be suspended during the leave and will resume upon your return to active employment.

Employees on two-week active duty training assignments or inactive duty training drills are required to return to work for the first regularly scheduled shift after the end of training, allowing reasonable travel time.

Employees on longer military leave must apply for reinstatement in accordance with all applicable state and federal laws. Every reasonable effort will be made to return eligible employees to their previous position or position of like seniority, status and pay, as long as the employee is qualified to perform the duties of the position.

5.17 MILITARY FAMILY LEAVE

Russ Davis complies with all state laws in regard to Military Family Leave.

5.18 FAMILY, MEDICAL AND MILITARY LEAVE (FMLA)

Russ Davis recognizes that employees may be called upon to respond to emergencies caused by their own serious illness; the serious illness of their child, spouse or parent; or military leave circumstances. The

company also recognizes that some working parents may desire extra time away from their work at the time of the birth or adoption of a child or upon the placement of a child for foster care.

Russ Davis Wholesale's Family and Medical Leave Policy and Procedures is in accordance with the Federal Family and Medical Leave Act of 1993 (FMLA) and any applicable amendments and state laws. *FMLA leave will run concurrent to any other disability or Workers' Compensation leave.*

Please see your facility employment posters for any State laws that pertain to the state in which you work. To request leave or inquire about FMLA, please contact the Human Resources Manager.

ELIGIBILITY AND ENTITLEMENT:

Employees who have worked for the company for at least twelve (12) months and at least 1,250 hours during the prior twelve (12) months may take up to twelve (12) weeks of unpaid leave (FMLA leave) for the following reasons:

1. For incapacity due to pregnancy, prenatal medical care or child birth;
2. To care for the employee's child after birth, or placement for adoption or foster care;
3. To care of the employee's spouse, child, or parent who has a serious health condition;
4. For a serious health condition that makes the employee unable to perform the employee's job or inability of the employee to perform the functions of the employee's position due to a serious health condition;
5. Care of a covered military service member with a serious injury or illness if the employee is the spouse, child or next of kin of the service member; and
6. A qualifying urgent need arising out of an employee's spouse, parent, or child's active military duty or call to active duty. (May include attending military events, arranging for alternative childcare, addressing financial and legal arrangements, attending counseling sessions, and attending post-deployment reintegration briefings.)

For the purposes of this policy, a serious health condition means an illness, injury, impairment, or physical or mental condition that involves:

- any period of incapacity or treatment in connection with or consequent to in-patient care in a hospital, hospice, or residential medical care facility;
- any period of incapacity requiring absence from work or other regular daily activities for more than three (3) calendar days that also involves continuous treatment by or under the supervision of a licensed health care provider; or
- continuous treatment by or under the supervision of a licensed health care provider for a chronic long-term health condition that is incurable or so serious that if not treated would result in a period of incapacity of more than three (3) calendar days; or
- prenatal care.

In the case of a leave for a serious health condition, the leave may be taken intermittently or on a reduced hours basis only if such leave is medically necessary. Where an employee requests intermittent leave or leave on a reduced hours basis due to a family member's or the employee's own serious health condition, RDW has

the option, in its sole discretion, to require the employee to transfer to a temporary alternative job for which the employee is qualified and which better accommodates the intermittent leave or reduced hours leave than the employee's regular job. The temporary position will have equivalent pay and benefits as the employee's regular job.

When the necessity of leave is foreseeable due to the expected birth or placement of a child, the employee must provide RDW at least thirty (30) days' notice of the employee's intention to take leave. If the date of birth or placement of a child required the employee's leave to begin in less than thirty (30) days from the date of notice to RDW, the employee must provide such notice as soon as practical. Where the necessity for leave is due to a family member's or an employee's own serious health condition and is foreseeable based on planned medical treatment, the employee must:

- give at least thirty (30) days' notice, or as soon as practical if treatment starts in less than thirty (30) days; and
- make a reasonable effort to schedule the treatment so as not to unduly disrupt the operation to RDW, subject to the approval of the licensed health care provider.

Where the need for leave is unforeseeable, the employee must give notice as soon as practical. Any leave request based on a family member's or employee's own serious health condition must be supported by certification from the licensed health care provider. The employee may also be required to provide reasonable documentation or a statement of family relationship to support a request for family leave. The employee must provide a copy of the certification to RDW in a timely manner. **(Fifteen calendar days will be allowed to provide the certification.)** Certification from the licensed health care provider must contain:

- the date a serious health condition began;
- the possible duration of the condition;
- the appropriate medical facts regarding the condition;
- if the leave is based on the care of a spouse, child, or parent, a statement that the employee is needed to provide the care and an estimate of the amount of time that need will continue;
- if the leave is based on the employee's own serious health condition, a statement that the employee is unable to perform the functions of his/her job; and
- in the case of intermittent leave or leave on a reduced hours basis for planned medical treatment, the date the treatment is expected to be given, the duration of the treatment, and the medical necessity for such leave.

PAY AND BENEFITS:

All FMLA leaves are unpaid. An employee that elected Short-Term Disability is required to satisfy the waiting period as defined by the Short-Term Disability Plan and will be required to apply any earned PTO they have available.

An employee who is not eligible for Short-Term Disability or worker's compensation, is required to apply all earned PTO during the leave.

Employees returning from FMLA leave will be reinstated to their same or equivalent position at the same rate of pay. Employees also retain all accrued pre-leave employment and seniority benefits, including the availability of insurance coverage, provided the employee pays the premium. Should the employee choose to continue health coverage during the leave, the employee's monthly contribution must be submitted to Payroll in a timely manner and/or will be deducted upon return to work.

An employee who does not return to work at the completion of the FMLA leave is responsible for the full health care premium that was by paid by Russ Davis during the leave, unless the employee does not return because of the presence of a serious health condition which prevents the employee from performing his/her job or circumstances beyond the control of the employee.

ACCRUAL OF PTO BENEFITS DURING FMLA LEAVE:

An employee out on leave under RDW's Family and Medical Leave Act (FMLA) policy will continue accruing paid leave as they are using PTO. During any unpaid leave, the employee shall not accrue employment benefits such as PTO. Employment benefits accrued by the employee up to the day on which the family leave of absence begins will not be lost.

Employees utilizing FMLA during a worker's compensation leave will not continue to accrue PTO.

DURATION:

FMLA leave may not exceed 12 work weeks in any rolling 12-month period (or 26 weeks in a 12-month period for Military Family Leave Entitlement to care for a service member as defined above). This means that each time you request this leave, any FMLA leave you have already taken in the last 12 months is subtracted from the 12 weeks you are eligible for in total. Intermittent leave or a reduced work schedule will be available whenever medically necessary to care for a family member with a serious health condition, or because of the employee's own serious health condition which renders the employee unable to work. However, leave for birth and care or placement for adoption or foster care may be taken on an intermittent basis only if approved in advance. To the extent permitted by state law, any leave of absence taken that qualifies under both the FMLA and applicable state law shall count towards an employee's entitlement to leave under both laws.

The right to family leave for the birth, care, and/or placement of a child into an employee's family may only be taken within the twelve (12) months after the date of the birth or placement of the child. In the case of unpaid leave for the birth, care, or placement of a child, intermittent leave or working a reduced number of hours is not permitted, unless both the employee and RDW agree. If both spouses are employed by RDW, the combined leave for either birth, care, or placement of a child shall not exceed twelve (12) weeks.

JOB REINSTATEMENT:

An employee taking leave due to the employee's serious health condition is required to obtain certification that the employee is able to resume work, without restrictions (if non-work related), prior to the return from any FMLA leave.

An employee will be reinstated to the same or an equivalent position upon return from FMLA leave. Any increase in wages will be suspended during the FMLA leave.

RDW reserves the right not to reinstate certain key employees, as defined by the FMLA, to their positions following their leaves in situations involving potential serious economic hardship to the employer's operations. A key employee (as defined by the FMLA) will be advised of any such possibility at the beginning of his or her leave.

EXPIRATION OF FMLA:

If an employee's FMLA expires, they may apply for personal leave (see Personal Leave section).

An employee whose eligible leave expires and they are unable to return to work, RDW may terminate the individual's employment. An employee whose eligible leave expires and it results in his or her termination may re-apply for employment when he or she is medically able to return to work and is released to work by a doctor.

5.19 PARENTAL LEAVE

All state laws will be followed in regard to parental leave.

RDW will grant an unpaid leave of absence to eligible employees of either gender who are birth or adoptive parents in conjunction with the birth or adoption of a child. Eligible employees may also take leave under this policy for incapacity due to pregnancy, child birth or related health conditions. Employees eligible for this leave must have been employed with RDW for at least twelve (12) months (which may be non-consecutive) and worked 1000 hours in preceding 52 weeks. The leave may not exceed twelve (12) weeks. Leaves that qualify under both the FMLA and Parental Leave will run concurrently.

5.20 PERSONAL LEAVE

Each employee plays a vital role in the success of RDW. Therefore, it is important all employees are available and present at the company when needed to work. However, we recognize that employees occasionally need time away from work that is not otherwise covered by other leave policies. In these cases, employees may apply for a personal leave of absence.

You may be eligible for a personal leave if, at the time of your request, you do not otherwise qualify for leave under any other company leave policies (including FMLA and state parenting leaves). RDW has the right to grant or deny personal leave in its sole discretion.

If you desire a personal leave of absence, you must apply for the leave in writing and receive advanced permission from the RDW's president. All other applicable leave (paid or unpaid) must be exhausted. Approval for a leave depends upon operational requirements, reason for leave, performance, length of service, and length of leave requested.

An employee on personal leave may continue certain group insurance coverage under COBRA provided the employee pays the premiums required of the employee under COBRA. During any unpaid leave, you will shall not accrue employment benefits such as PTO.

While on personal leave, you may not engage in other work or employment. If you do so, you will be considered to have violated the terms of your leave and to have voluntarily terminated your employment. Failure to report to work at the end of an approved personal leave of absence will be considered job abandonment.

RDW may cancel a personal leave of absence at any time for any cause including if the reason for leave has been misrepresented.

5.21 NURSING MOTHER BREAKS

If you are a nursing mother and need to express breaks milk for your infant child (up to 1 year of age), RDW will allow you reasonable break time to do so. If possible, the break must run concurrently with your regularly scheduled break time or meal time for nonexempt employees. If you must take a break at a time other than your regularly scheduled break, the break time will be unpaid. RDW will make reasonable efforts to provide a room or other location in close proximity to your work area, other than a bathroom toilet stall, if shielded from view, and free from intrusion by co-workers, and includes access to an electrical outlet where you can express milk in privacy.

5.22 BONE MARROW DONATION LEAVE

If you work an average of 20 or more hours per week, you will be entitled to paid time off to donate bone marrow. The combination of bone marrow leave periods required may not exceed 40 hours and you must have a doctor's verification of the purpose and length of the leave.

5.23 VOTING LEAVE

You will be granted time off from work during your scheduled hours on Election Day for the time necessary to appear at your polling place, cast a ballot, and return to work. You must coordinate with your supervisor before Election Day, if you plan to be absent so coverage can be coordinated. This time will be unpaid, unless PTO is used.

6 STANDARDS OF CONDUCT & POLICIES

6.1 COMPANY CONDUCT

Russ Davis Wholesale hires individuals with the expectation they want to work, be productive, and they will conduct themselves in a manner that is businesslike and appropriate in the workplace. We expect our employees...

- to be mature, responsible and behave in a professional manner appropriate to the workplace.
- to be present at work when scheduled and on time.
- to perform their duties in a safe, competent and professional manner.
- to be courteous and respectful toward supervisors, co-workers, customers and any other persons in the workplace.

- to be honest, and careful of equipment and property.

In general, we expect our employees to be responsible, mature, and give their best efforts to their jobs, protect the interests and safety of all employees and Russ Davis Wholesale and to be accountable for their actions.

Occasionally, employees will have difficulty meeting their obligations. If problems arise, we will deal individually with these situations. Disciplinary measures will be used in the manner which RDW believes appropriate to the circumstances involved. We will look at each situation individually and determine whether a warning and time for corrective action would be helpful or appropriate. There may be, however, situations where RDW believes that a warning is not appropriate and that the employee should be discharged. We hope that disciplinary actions will be few and that employees will behave appropriately and responsibly so that disciplinary measures need not be taken.

6.2 GUIDE TO GOOD CONDUCT

Employees are expected to conduct themselves on Company time and premises in a manner that promotes the safety and welfare of employees, encourages pleasant work habits and protects personal and Company property. Misconduct may result in disciplinary action, ranging from reprimand to discharge. Some examples of misconduct which are not all inclusive are listed below:

1. Knowingly violating Federal Wage and Hour Laws.
2. Falsely stating or making claim of occupational or non-occupational injury or illness.
3. Falsifying time records.
4. Unauthorized or unreported absence for one or more days.
5. Being habitually tardy, absent, or unauthorized absence.
6. Failure to follow written/oral instructions given by authority.
7. Theft or intentional damage of property belonging to RDW or its employees, or unauthorized borrowing or lending of company property.
8. Deliberate and intentional falsification of company paperwork or insurance claims.
9. Possession of illegal drugs or alcoholic beverages on company property or in a company vehicle.
10. The intentional release of any confidential or proprietary information to unauthorized persons.
11. Any employee negligence which results in money loss and/or injury to a customer and/or employee.
12. Insubordination.
13. Assaulting or threatening any employee or customer.
14. Altering the quality of or jeopardizing the integrity of any RDW product.
15. Gambling on company property.
16. Use of obscene language, profanity or display of offensive behavior that can be observed by customers or other employees.
17. Leaving the facility during the work shift without permission except at break time and lunch break.
18. Failure to punch out when leaving the facility during the workday for personal reasons.
19. Falsification of employment records.

20. Neither management nor other employees shall smoke in the warehouse or company vehicles.
21. Vending, soliciting or collecting contributions for any purpose whatsoever at any time on the premises unless authorized by the company.
22. Wasting time, loitering or leaving the place of work during working hours without permission.
23. Posting, altering or removing any matter on "Company" bulletin boards unless specifically authorized.
24. Distributing written or printed matter of any description on Company premises unless approved by management.
25. Threatening, intimidating, coercing or interfering with fellow employees on the premises.

6.3 PROFESSIONAL BEHAVIOR

It's the policy of RDW to maintain a working environment free from offensive or degrading remarks about an employee's gender, physical characteristics, personal activities, race, national origin, religion or affectional preference. Offensive behavior prohibited by this policy also includes sexual harassment (see harassment policy) and any requests to engage in illegal, immoral or unethical conduct.

6.4 CODE OF ETHICS / CONFLICT OF INTEREST POLICY

Our reputation for honesty, integrity and service is our most valuable asset and is determined by the conduct of our employees. Each of us must strive to avoid situations that might cause a conflict of interest between RDW, our customers, our vendors, and ourselves. All employees are expected to adhere to this policy.

CONFIDENTIALITY:

As the result of your employment at RDW, you will acquire and have access to confidential information belonging to the company of a special and unique nature and value, relating to such matters as the company's personnel and compensation information; accounts; procedures and manuals; financial information and sales data-supply sources and resources; contracts; price lists; accounting and bookkeeping practices, office policies and practices, data, records, and reports, expense information, business plans, general and specific; prospect names and lists; existing and potential business opportunities; confidential reports; customer lists and contracts, as well as information specific to the company's products.

Except as may be required by law or authorized by RDW, all confidential information must be held in confidence. You may discuss such information inside the organization only with those who need to know such confidential information to perform their jobs and outside the organization with no one at all. Employees are prohibited from discussing or using confidential information for any purpose other than to conduct RDW business.

All information related to any employee or former employee of RDW must be held in confidence. Communication of any such information for employment or any other purpose must be handled by the Human Resources Department only.

Employees are required to ensure the confidentiality, security, and privacy of RDW's information by using that information appropriately and safeguarding it. All information that RDW employees create, store, transmit or use in conducting RDW business is the exclusive property of RDW.

As a condition of employment, you must agree that all such information is the exclusive property of the company, and that you will not at any time divulge or disclose to anyone, except in the responsible exercise of your job, any such information, whether or not it has been designated specifically as "confidential". Failure to meet the confidentiality policy may result in disciplinary action up to and including termination. RDW reserves the right to seek subsequent criminal and/or civil remedies.

CONFLICT OF INTEREST:

A conflict of interest exists whenever an employee has a personal interest that may be said to be inconsistent or incompatible with or opposed to the employee's professional obligations to exercise his or her best judgment in pursuing the best interests of RDW. It is the policy of RDW to prohibit its employees from engaging in any activity, practice or act which conflicts with the interest of RDW. Although employees may not intend to create a conflict of interest, even the appearance of a conflict of interest can be damaging to or bring discredit to RDW. If an employee has any doubt about a certain situation, the employee should contact their supervisor to discuss it immediately.

GIFTS, FEES & LEGACIES:

Employees are prohibited from seeking or accepting payments or benefit*, in any form from customers, potential customers or vendors.

*Benefit means any type of gift, gratuity, favor, service, kickback, trip or sporting event, or anything of monetary value.

The following is a non-exhaustive list of situations you should avoid.

- Do not accept a gift of any value from a customer or supplier or any other person or business seeking a relationship with RDW. This does not apply to gifts motivated primarily by donatives intent, reasonably and ordinary food or entertainment at a lunch or business meeting.
- If you are offered or receive something of value you must disclose this to your Manager. These may be retained for the good of the company to be used for employee raffles, give aways, etc.

OUTSIDE EMPLOYMENT:

- You should carefully scrutinize outside employment, to avoid potential conflicts of interest and excessive demands on one's time. Employment should not conflict with your RDW work schedule.

- Outside employment may not involve any use of RDW equipment, supplies, facilities, or personnel, or imply RDW sponsorship or support or adversely affect RDW's reputation.
- Outside employment should not require you to work during company business hours. It should not have a detrimental effect on your attendance or work performance.

Exceptions may be made where there is a reasonable expectation that no improper influence in the performance of the employee's duties to RDW will occur. All exceptions must be approved by Senior Management.

6.5 HARASSMENT POLICY AND PROCEDURES

Russ Davis fully supports the legal requirements under state and federal law regarding harassment, sexual or otherwise, and believe we have a duty to maintain a workplace free of any form of harassment and/or intimidation from any company employee or non-employee, work-related contacts.

POLICY:

RDW prohibits harassment, intimidation or hostile conduct of any kind whether it be verbal, written, via electronic transmission, physical contact or any other form of communication. Harassment includes sexual harassment, harassment on account of race, color, sex, religion, minority status, sexual orientation, age, disability or any other protected classification. Harassment will not be tolerated from any employee, including supervisors and managers, or from any customer, vendor or other outsider dealing with the Company. RDW will not tolerate harassment or intimidation of any employee for any reason. Harassment or intimidation does not include valid disciplinary action against any employee who is a member of any protected group, where appropriate.

RDW will also not tolerate any verbal or physical conduct by anyone that harasses, intimidates, or in any other way creates an intimidating or hostile work environment, or unreasonably interferes with any employee's work performance.

Any employee who experiences any of the kinds of behavior described here must report the behavior using one of the methods outlined defined in this policy.

Normal, pleasant, courteous, mutually-respectful and non-coercive interaction between employees, that is acceptable to both parties, is not considered to be harassment.

RESPONSIBILITY:

- Employees are responsible for conducting themselves in a manner consistent with the spirit and intent of this policy.
- Supervisors are responsible for conducting themselves in a manner consistent with the spirit and intent of this policy. They shall establish and maintain a climate in the workplace that encourages employees to communicate questions or concerns regarding this policy; recognize incidents of all types of harassment and take immediate corrective action to eliminate such incidents; and notify the Human

Resource department immediately in the event of harassment allegations in order for a consistent investigatory procedure may be implemented.

- The Human Resources department is responsible for ensuring that supervisors are fully aware of their obligations under this policy; for informing employees of the company's policy regarding harassment allegations, sexual or otherwise, and ensuring that appropriate disciplinary action is consistently administered.

DEFINITIONS:

Sexual harassment is any suggestion (express or implied) that any person's promotion, employment, compensation or treatment is in any way contingent upon or related to an employee's participation in or rejection of conduct of a sexual nature. Harassment also includes unwelcome advances, suggestive comments, or physical contact which creates an intimidating, hostile or offensive working environment.

Harassment generally based on race, religion, minority status, sexual orientation, age or disability includes unwelcome, hostile or discriminatory behavior or remarks directed at members of any of these groups. Any comments or behavior which creates a hostile or intimidating working environment and any actions which adversely base an employee's employment conditions or advancement on his or her membership in any minority or protected class will not be tolerated.

Hostile Conduct is any action or a repeated pattern of actions, verbal or physical, by an employee or group of employees toward another employee or group of employees that is intended to or does result in an intimidating, hostile or offensive working environment to the average employee. In most cases, such conduct, if directed toward a protected class would be harassment, as defined above.

Examples of the conduct described above includes:

- Unwelcome or unwanted sexual advances, suggestive comments or physical contact which creates an intimidating hostile or offensive working environment.
- Requests or demands for sexual favors. This includes subtle or blatant expectations, pressures, or requests for any type of sexual favor accompanied by an implied or stated promise of preferential treatment or native consequences concerning one's employment status.
- Verbal, written or electronic abuse or kidding that is sex-oriented and considered unacceptable by the receiving individual. This includes commenting about an individual's appearance where such comments go beyond a compliment; telling "dirty jokes" that are clearly unwanted and considered offensive by others; or any other tasteless, sexually-oriented comments, innuendos or actions that offend others.
- Any activity or conduct what would unreasonably interfere with another's work performance.
- Creating a work environment that is intimidating, hostile or offensive for any reason, including threats, retaliation, unwelcomed or unwanted sexually-oriented conversations, suggestions, requests, demands, physical contacts or attentions.
- Repeated comments (such as teasing, innuendo or jokes) that are considered offensive by another individual. While a single offensive comment may not qualify as harassment, repeated comments may constitute harassment, particularly where the person making the comments has been told they are offensive.
- A request to engage in illegal, immoral or unethical conduct.

HARASSMENT OR HOSTILE CONDUCT COMPLAINT PROCEDURES:

All employees are responsible for helping RDW promote a positive working environment. If you believe you have been subject to or witnessed conduct that violates RDW's Equal Employment Opportunity or harassment policies, it is important to notify management. Here are steps to take:

- First, if you are comfortable doing so, talk to the offender; they may not realize the behavior is offensive. Inform them the behavior is unwelcome and needs to stop.
- If you are uncomfortable for any reason in talking to the offender, or if the behavior continues after you have advised the offender you consider behavior to be offensive, you should immediately report the conduct to your supervisor or any other member of management whom you feel comfortable talking with.
- If you feel uncomfortable reporting incidents of harassment or hostile conduct to your supervisor or a member of management, you are encouraged to discuss a harassment claim with the Human Resources Department.

RESPONSES TO COMPLAINTS:

RDW investigates all complaints under the Equal Employment Opportunity and harassment policies as thoroughly and promptly as possible. RDW will also keep the information gathered in the complaint and investigation as confidential as possible. If an investigation shows a violation of one or more of these policies has occurred, RDW will take prompt and appropriate corrective action (verbal or written warning, transfer, demotion, suspension or immediate terminations).

NO RETALIATION:

RDW prohibits retaliation against anyone who has reported conduct believed to violate its Equal Employment Opportunity or harassment policies or who has assisted in investigating a complaint. If you feel you have experienced retaliation notify RDW by following the steps outlined in the complaint procedure. If it is determined this no-retaliation policy has been violated, RDW will issue corrective action, up to and including termination.

All employees are expected to cooperate fully with any investigation of alleged inappropriate conduct. Failure to cooperate may result in disciplinary action, up to and including termination.

6.6 COMPANY INVENTORY AND EQUIPMENT

Employees may not open any full case of product or take from any partial case of product for personal use. Likewise, equipment and supplies belonging to the Company may not be removed from Company grounds or used for personal use unless approved by Senior Management. Violation of these terms will result in corrective action, up to and including termination of employment.

Employees are allowed to purchase product for their own personal use. A policy and a standard form for ordering product will be available at each warehouse.

6.7 PASSENGERS/ANIMALS IN TRUCKS

Insurance regulations prohibit a non-employee from riding in a Company truck (Blackjack Express is an exception to this). Animals of any kind are never permitted in Company trucks (Blackjack Express is an exception if a hold harmless agreement is obtained by the employee). On occasion (community event, parade, etc.) a passenger is authorized only after the appropriate release forms are signed.

6.8 LOCKERS, LOCKED DRAWERS & PERSONAL PROPERTY

Some of our locations have lockers or locked drawers available for you to store personal items as well as company-issued harnesses (not to be taken off company property) or other company-issued items. If you are issued a locker or locked drawer (and lock) you are responsible for the contents. RDW is not responsible for lost or stolen property. You agree to abide by the terms and conditions as outlined:

- All lockers, desks, cabinets, etc. are the property of RDW.
- RDW reserves the right to open a locker with or without the consent of the employee when there is reasonable suspicion locker procedures are being abused or in the case of an emergency situation.
- In addition, while on the company property, RDW reserves the right to search employees, their work areas, lockers, personal vehicles if driven or parked on company property, and other personal items such as bags, backpacks, lunch boxes, etc. In requesting such a search, RDW is by no means accusing anyone of theft, some other crime, or any other variety of improper conduct. RDW will take care in protecting employees' privacy, confidentiality, and personal dignity to the greatest extent possible.
- Flammable materials, dangerous chemicals, explosives or weapons of any kind are strictly prohibited inside the lockers.
- Perishable items, illegal or controlled substances including medications, such as drugs, medications without a valid prescription, or alcohol are also strictly prohibited inside the lockers.
- You are not prohibited to affix anything to the interior or exterior of the lockers.

Misuse of lockers or violation of the terms and conditions may result in disciplinary action, up to and including termination.

6.9 ACCESS CARDS & KEYS

If your position requires an access card or key you will be issued one at hire. Security access will be assigned by position. You will be responsible for the key or card. No unauthorized individuals are to be permitted in buildings. If your key or access card is lost or stolen, please report this to your supervisor immediately.

Key cards are initially furnished at no cost. Lost or stolen badges will be replaced at a cost of \$25.00 to the employee. This will be deducted from your payroll.

Key cards and/or keys must be returned to your supervisor upon termination. If the key card is not returned, a charge of \$25.00 will be applied to your last paycheck.

6.10 VIDEO SURVEILLANCE POLICY

In order to promote the safety of employees, visitors, customers, as well as the security of its facilities, Russ Davis Wholesale may conduct video surveillance of any portion of its premises at any time. The only exception being private areas of restrooms, showers, and dressing rooms.

6.11 WEAPONS POLICY

In the interest of safety and the protection of our employees, vendors, and visitors, Russ Davis bans guns and weapons in company buildings and company vehicles. A “weapon” is defined as any firearm, knife, or any other instrument which could be used to inflict bodily injury upon any person. This policy excludes items that are necessary to perform job duties.

This policy applies to all employees of RDW, including temporary employees employed by an outside agency and working at RDW employed by an outside agency, independent contractors or persons employed by contractors retained at RDW.

If this policy is violated by any individual, such action must be reported immediately to Management or Human Resources. RDW reserves the right to respond to any individual who does not follow this policy by informing the person of the policy and demanding compliance. RDW further reserves the right to search and inspect property and persons while on company premises, or while engaged in company business. Should the individual with the weapon refuse to comply, RDW will notify the authorities immediately.

No individual will be retaliated against for making a good faith report of behavior contrary to this policy. If the individual with the weapon is an employee, further corrective action or discipline may take place, up to and including termination.

6.12 RIGHT TO PRIVACY POLICY

You are not allowed to give the following information to any third party concerning another employee:

1. The age or date of birth of a fellow employee.
2. The wages of an employee.
3. The phone number and address of a fellow employee.
4. Any sensitive information pertaining to an employee’s conduct or discharge.
5. Any sensitive information pertaining to the clientele and or their contribution to RDW.

If any of the above-mentioned items are requested of you, refer the inquiring party to your supervisor, or the Human Resources Department.

6.13 ACCOUNTING CONTROLS/EXPENSE REIMBURSEMENT

RDW will reimburse its employees for necessary, reasonable travel and/or entertainment expenses incurred in connection with authorized company business. Guidelines have been developed to reflect the requirements and procedure for reimbursement. Employees are responsible for exercising prudence in their use of company funds and to use sound business judgement in accomplishing company objectives.

All expenses must be approved by your manager prior to being submitted to Accounts Payable. Guidelines must be followed when submitting expenses for reimbursement. Receipts must accompany all expenses.

6.14 INFORMATION SECURITY AND ACCEPTABLE USE POLICY

OVERVIEW:

Though there are a number of reasons to provide a user network access, by far the most common is granting access to employees for performance of their job functions. This access carries certain responsibilities and obligations as to what constitutes acceptable use of the corporate network. This policy explains how corporate information technology resources are to be used and specifies what actions are prohibited. While this policy is as complete as possible, no policy can cover every situation, and thus the user is asked additionally to use common sense when using company resources. Questions on what constitutes acceptable use should be directed to your supervisor.

PURPOSE:

Since inappropriate use of corporate systems exposes the company to risk, it is important to specify exactly what is permitted and what is prohibited. The purpose of this policy is to detail the acceptable use of corporate information technology resources for the protection of all parties involved.

SCOPE:

The scope of this policy includes any and all use of corporate IT resources, including but not limited to, computer systems, email, phone, the network, and the corporate Internet connection.

POLICY:

A. E-mail Use

Personal usage of company email systems is permitted as long as A) such usage does not negatively impact the corporate computer network, and B) such usage does not negatively impact the user's job performance.

- The following is never permitted: spamming, harassment, communicating threats, solicitations, chain letters, or pyramid schemes. This list is not exhaustive, but is included to provide a frame of reference for types of activities that are prohibited.
- The user is prohibited from forging email header information or attempting to impersonate another person.
- Email is an insecure method of communication, and thus information that is considered confidential or proprietary to the company may not be sent via email, regardless of the recipient, without proper encryption.
- It is company policy not to open email attachments from unknown senders, or when such attachments are unexpected.
- Email systems were not designed to transfer large files and as such emails should not contain attachments of excessive file size.

Please note that detailed information about the use of email may be covered in the company's Email Policy.

B. Confidentiality

Confidential data must not be A) shared or disclosed in any manner to non-employees of the company, B) should not be posted on the Internet or any publicly accessible systems, and C) should not be transferred in any insecure manner. Please note that this is only a brief overview of how to handle confidential information, and that other policies may refer to the proper use of this information in more detail.

C. Network Access

The user should take reasonable efforts to avoid accessing network data, files, and information that are not directly related to his or her job function. Existence of access capabilities does not imply permission to use this access.

D. Unacceptable Use

The following actions shall constitute unacceptable use of the corporate network. This list is not exhaustive, but is included to provide a frame of reference for types of activities that are deemed unacceptable. The user may not use the corporate network and/or systems to:

- Engage in activity that is illegal under local, state, federal, or international law.
- Engage in any activities that may cause embarrassment, loss of reputation, or other harm to the company.
- Disseminate defamatory, discriminatory, vilifying, sexist, racist, abusive, rude, annoying, insulting, threatening, obscene or otherwise inappropriate messages or media.
- Engage in activities that cause an invasion of privacy.
- Engage in activities that cause disruption to the workplace environment or create a hostile workplace.
- Make fraudulent offers for products or services.
- Perform any of the following: port scanning, security scanning, network sniffing, keystroke logging, or other IT information gathering techniques when not part of employee's job function.
- Install or distribute or download unlicensed or "pirated" software.
- Reveal personal or network passwords to others, including family, friends, or other members of the household when working from home or remote locations.

C. Blogging and Social Networking

Blogging and social networking by the company's employees are subject to the terms of this policy, whether performed from the corporate network or from personal systems. Blogging and social networking is never allowed from the corporate computer network, unless for business purposes as defined in the job description. In no blog or website, including blogs or sites published from personal or public systems, shall the company be identified, company business matters discussed, or material detrimental to the company published. The user must not identify himself or herself as an employee of the company in a blog or on a social networking site. The user assumes all risks associated with blogging and/or social networking.

D. Instant Messaging

Instant Messaging is allowed for corporate communications only. The user should recognize that Instant Messaging may be an insecure medium and should take any necessary steps to follow guidelines on disclosure of confidential data.

E. Overuse

Actions detrimental to the computer network or other corporate resources, or that negatively affect job performance are not permitted.

F. Web Browsing

The Internet is a network of interconnected computers of which the company has very little control. The user should recognize this when using the Internet, and understand that it is a public domain and he or she can come into contact with information, even inadvertently, that he or she may find offensive, sexually explicit, or inappropriate. The user must use the Internet at his or her own risk. The company is specifically not responsible for any information that the user views, reads, or downloads from the Internet.

Personal use of company computer systems to access the Internet is not permitted under any circumstances.

G. Copyright Infringement

The company's computer systems and networks must not be used to download, upload, or otherwise handle illegal and/or unauthorized copyrighted content. Any of the following activities constitute violations of acceptable use policy, if done without permission of the copyright owner: A) copying and sharing images, music, movies, or other copyrighted material using P2P file sharing or unlicensed CD's and DVD's; B) posting or plagiarizing copyrighted material; and C) downloading copyrighted files which employee has not already legally procured. This list is not meant to be exhaustive, copyright law applies to a wide variety of works and applies to much more than is listed above.

H. Peer-to-Peer File Sharing

Peer-to-Peer (P2P) networking is not allowed on the corporate network under any circumstance. (i.e. torrent)

I. Streaming Media

Streaming media can use a great deal of network resources and thus must be used carefully. Streaming media is allowed for job-related functions only.

J. Monitoring and Privacy

Users should expect no privacy when using the corporate network or company resources. Such use may include but is not limited to: transmission and storage of files, data, and messages. The company reserves the right to monitor any and all use of the computer network. To ensure compliance with company policies this may include the interception and review of any emails, or other messages sent or received, inspection of data stored on personal file directories, hard disks, and removable media.

K. Bandwidth Usage

Excessive use of company bandwidth or other computer resources is not permitted. Large file downloads or other bandwidth-intensive tasks that may degrade network capacity or performance must be performed during times of low company-wide usage.

L. Personal Usage

Personal usage of company computer systems is permitted during lunch, breaks, and before/after business hours, as long as such usage follows pertinent guidelines elsewhere in this document and does not have a detrimental effect on the company or on the user's job performance.

M. Remote Desktop Access

Use of non-company-supplied remote desktop software and/or services (such as Citrix, VNC, GoToMyPC, etc.) is prohibited.

N. Circumvention of Security

Using company-owned or company-provided computer systems to circumvent any security systems, authentication systems, user-based systems, or escalating privileges is expressly prohibited. Knowingly taking any actions to bypass or circumvent security is expressly prohibited.

O. Use for Illegal Activities

No company-owned or company-provided computer systems may be knowingly used for activities that are considered illegal under local, state, federal, or international law. Such actions may include, but are not limited to, the following:

- Unauthorized Port Scanning
- Unauthorized Network Hacking
- Unauthorized Packet Sniffing
- Unauthorized Packet Spoofing
- Unauthorized Denial of Service
- Unauthorized Wireless Hacking
- Any act that may be considered an attempt to gain unauthorized access to or escalate privileges on a computer or other electronic system
- Acts of Terrorism
- Identity Theft
- Spying
- Downloading, storing, or distributing violent, perverse, obscene, lewd, or offensive material as deemed by applicable statutes
- Downloading, storing, or distributing copyrighted material

The company will take all necessary steps to report and prosecute any violations of this policy.

P. Non-Company-Owned Equipment

Non-company-provided equipment can only be used on the company's guest network.

Q. Personal Storage Media

Personal storage devices represent a serious threat to data security and are expressly prohibited on the company's network.

R. Software Installation

Installation of non-company-supplied programs is prohibited. Numerous security threats can masquerade as innocuous software - malware, spyware, and Trojans can all be installed inadvertently through games or other programs. Alternatively, software can cause conflicts or have a negative impact on system performance.

S. Reporting of Security Incident

If a security incident or breach of any security policies is discovered or suspected, the user must immediately notify his or her supervisor and/or follow any applicable guidelines as detailed in the corporate

Incident Response Policy. Examples of incidents that require notification include:

- Suspected compromise of login credentials (username, password, etc.).
- Suspected virus/malware/Trojan infection.
- Loss or theft of any device that contains company information.
- Loss or theft of ID badge or keycard.
- Any attempt by any person to obtain a user's password over the telephone or by email.
- Any other suspicious event that may impact the company's information security.

Users must treat a suspected security incident as confidential information, and report the incident only to his or her supervisor. Users must not withhold information relating to a security incident or interfere with an investigation.

T. Applicability of Other Policies

This document is part of the company's cohesive set of security policies. Other policies may apply to the topics covered in this document and as such the applicable policies should be reviewed as needed.

U. Enforcement

This policy will be enforced by the Information Systems Manager and/or Executive Team. Violations may result in disciplinary action, which may include suspension, restriction of access, or more severe penalties up to and including termination of employment. Where illegal activities or theft of company property (physical or intellectual) are suspected, the company may report such activities to the applicable authorities.

V. Definitions

Blogging The process of writing or updating a "blog," which is an online, user-created journal (short for "web log").

Instant Messaging A text-based computer application that allows two or more Internet-connected users to "chat" in real time.

Peer-to-Peer (P2P) File Sharing A distributed network of users who share files by directly connecting to the users' computers over the Internet rather than through a central server.

Remote Desktop Access Remote control software that allows users to connect to, interact with, and control a computer over the Internet just as if they were sitting in front of that computer.

Streaming Media Information, typically audio and/or video, that can be heard or viewed as it is being delivered, which allows the user to start playing a clip before the entire download has completed.

6.15 COMPANY PROVIDED EQUIPMENT

Based on your position and job responsibilities, you may be assigned company equipment such as a mobile phone, computer, etc. Employees in possession of company equipment are expected to protect the equipment from loss, damage or theft.

RDW provided equipment must be used in accordance with company policy prohibiting discrimination or harassment and should not incur unnecessary expense.

Upon resignation or termination of employment, or at any time upon request, the employee may be asked to produce the company provided equipment for return or inspection. Employees unable to present the

equipment in good working condition, except for normal wear and tear, may be expected to bear the cost of replacement.

Employees who separate from employment with outstanding debts for equipment loss or unauthorized charged will be considered to have left employment on unsatisfactory terms and may be subject to legal action for recovery of the loss and ineligible for rehire.

6.16 EMAIL AND INTERNET USAGE:

As part of system access, employees may be given email capabilities. Each employee with access to these systems must use caution and consider security and confidentiality when transmitting information via e-mail or over the internet. The following restriction apply to the use of email provided by RDW to its employees:

- All emails composed, transmitted or received via RDW communication system are considered to be part of the official records of RDW and as such, are subject to disclosure to law enforcement or other third parties. Consequently, employees should always ensure that the information contained in e-mail communications and other transmissions is accurate, appropriate, professional, ethical and lawful.
- Internet access is available to authorized employees of RDW. Internet service and email are considered property of RDW and are provided solely to facilitate the official business of RDW.
- While the use of computer-related resources is intended for job-related activities, RDW realizes that from time-to-time employees may use the Company e-mail, voice-mail, telephone, and internet systems for personal use, this should be limited to occasional use during non-working hours (before work, during breaks, after work) and comply fully with this policy.
- Take care when addressing e-mail to make sure you do not inadvertently send them to unintended recipients.
- Your e-mails and other communications should not be considered private. RDW may monitor, review, retrieve, and retain messages that you have created, saved, sent, or received through our systems.

6.17 SOCIAL MEDIA

Russ Davis Wholesale has an active social networking business presence. We believe this helps build name recognition and enhance our “brand” and commitment to customer service and quality. We also recognize the importance of our employees joining in to demonstrate their expertise and to help share our message. Used effectively, social media tools are excellent forms of communication with customers, employees, and the general public.

In the rapidly expanding world of electronic communication, *social media* can mean many things. *Social media* includes all means of communicating or posting information or content of any sort on the Internet, including to your own or someone else’s web log or blog, journal or diary, personal web site, social networking or affinity web site, web bulletin board or a chat room, whether or not associated or affiliated with RDW, as well as any other form of electronic communication.

The same principles and guidelines found in Russ Davis company policies apply to your activities online. Ultimately, you are solely responsible for what you post online. Before creating online content, consider some

of the risks and rewards that are involved. Keep in mind that any of your conduct that adversely affects your job performance, the performance of fellow employees or otherwise adversely affects customers, suppliers, people who work on behalf of Russ Davis Wholesale or Russ Davis Wholesale's legitimate business interests may result in disciplinary action up to and including termination.

KNOW AND FOLLOW THE RULES AND POLICIES

Carefully read these guidelines, Russ Davis Wholesale's Code of Ethics Policy, Privacy Policy, Professionalism Policy, Acceptable Use Policy and Harassment Policy, and ensure your postings are consistent with these policies. Inappropriate postings that may include discriminatory remarks, harassment, and threats of violence or similar inappropriate or unlawful conduct will not be tolerated and may subject you to disciplinary action up to and including termination.

BE RESPECTFUL

Always be fair and courteous to fellow employees, customers, suppliers or people who work on behalf of Russ Davis Wholesale. Also, keep in mind that you are more likely to resolve work-related complaints by speaking directly with your co-workers or Management than by posting complaints to a social media outlet. Nevertheless, if you decide to post complaints or criticism, avoid using statements, photographs, video or audio that reasonably could be viewed as malicious, obscene, threatening or intimidating, that disparage customers, employees or suppliers, or that might constitute harassment or bullying. Examples of such conduct might include offensive posts meant to intentionally harm someone's reputation or posts that could contribute to a hostile work environment on the basis of race, sex, disability, religion or any other status protected by law or company policy.

BE HONEST AND ACCURATE

Make sure you are always honest and accurate when posting information or news, and if you make a mistake, correct it quickly. Be open about any previous posts you have altered. Remember that the Internet archives almost everything; therefore, even deleted postings can be searched. Never post any information or rumors that you know to be false about Russ Davis Wholesale, fellow employees, customers, suppliers, people working on behalf of Russ Davis Wholesale or competitors.

POST ONLY APPROPRIATE AND RESPECTFUL CONTENT

Maintain the confidentiality of Russ Davis Wholesale's trade secrets and private or confidential information. Trade secrets may include information regarding the development of systems, processes, products, know-how and technology. Do not post internal reports, policies, procedures or other internal business-related confidential communications.

Respect financial disclosure laws. It is illegal to communicate or give a "tip" on inside information to others so that they may buy or sell stocks or securities. Such online conduct may also violate the Insider Trading Policy. Do not create a link from your blog, website or other social networking site to a Russ Davis Wholesale website without identifying yourself as a Russ Davis Wholesale employee.

- Express only your personal opinions. Never represent yourself as a spokesperson for Russ Davis Wholesale without prior consent. If you publish content related to your work or subjects associated with Russ Davis Wholesale, you must make it clear you are not speaking on behalf of Russ Davis Wholesale. Russ Davis Wholesale and Crazy Fresh logos and trademarks may not be used without explicit permission from the Marketing Department. Avoid illegal activities or posting copyrighted material.

USING SOCIAL MEDIA AT WORK

Employees using social media during work time, for work purposes or otherwise, and/or using RDW's electronic resources have no expectation of privacy. RDW reserves the right to inspect, monitor, track, review, retain, disclose, and/or use employee social media communications in its sole discretion.

These guidelines are intended to provide general guidelines that apply to employees' personal and business use of social media. This policy is not designed or intended to hinder, restrict or compromise an employee's right under Section 7 of the National Labor Relations Act.

6.18 EMPLOYEE PHOTOS, VOICE RECORDINGS AND VIDEOS

Russ Davis Wholesale often uses images and/or videos of employees in their internal and external marketing. The use of employee still photographs, videos, or voice recordings may be used in publications such as social media, internet, intranet, newsletters, etc.

If you wish to NOT allow RDW to use your photograph, voice, or video, please contact Human Resources. By signing this handbook you acknowledge and consent to RDW using still photographs, video, or recording of your voice for advertising, publicity, commercial or other business purposes.

6.19 MOBILE PHONE USAGE

Personal or company cell phones shall be turned off or set to silent or vibrate mode during meetings, conferences and in other locations where incoming call may disrupt normal workflow or cause a safety hazard.

Personal use of a company-issued cell phone should not be a distraction from an employee's duties or interfere with business in any way. Employees not following this may be subject to disciplinary action up to and including termination.

Russ Davis may issue and pay for mobile phones for company representatives required to be in close contact with the company at all times. Certain positions will be required to have a company-issued mobile phone and acknowledge the company-issued mobile phone agreement.

While cell phones are a necessary convenience of the business work, we require that our employees utilize the phone in a safe and professional manner.

Employees whose job responsibilities include regular or occasional driving and who are using a mobile phone for business use are expected to refrain from using their phone while driving. The safety of yourself and others must come before all other concerns.

In the interest of the safety of our employees and other drivers, Russ Davis Wholesale prohibits the use of a mobile or other electronic device while driving on company-related business unless a hands-free device is used, except for calls to emergency services (911). If you must use the mobile phone while driving, a hands-free device is required or you must find a safe place to pull over first. Violating this policy is a violation of state laws and company policies.

Employees are solely responsible for any legal liabilities and charges laid by the authorities resulting from illegal use of a phone or PDA while operating a vehicle in the course of their employment. Employees who choose to violate the policy will face disciplinary measures up to and including termination.

In addition, employees should refrain from complicated or emotional discussions and keep their eyes on the road. Distracted driving is dangerous. Special care should be taken in situations where there is traffic, inclement weather, or the employee is driving in an unfamiliar area. Under no circumstances are employees allowed to place themselves or others at risk to fulfill business needs.

Employees who are charged with traffic violations resulting from the use of their phone while driving will be solely responsible for all liabilities that result from such actions.

Occasionally, an employee may request that they can receive company email on their personal phone. Such requests should be made to their supervisor, who can approve the request and relay to the IT Help Desk. IT will not grant access to company email on a personal phone without the approval of the supervisor. By requesting this access the employee is acknowledging the possibility of a remote wipe.

Violations of this policy will be subject to disciplinary action up to and including termination.

6.20 DRUG AND ALCOHOL TESTING POLICY (NON-DOT)

PURPOSE:

Russ Davis Wholesale, Inc. ("RDW") seeks to provide and foster a safe and healthy environment for its employees. Consistent with this approach, RDW has established a mandatory alcohol and drug testing program. (Policy complies with testing in MN, ND, WI)

The purpose of this program is to protect the safety, health and welfare of all employees. An employee reporting to work with alcohol or drugs in his or her system may adversely affect productivity. The use, possession, sale, purchase, transfer, manufacture, being under the influence, distribution or dispensation of alcohol or drug(s) may also pose unacceptable risks to the maintenance of safe, healthy and productive operations. With your help, this policy is intended to provide a safe, healthy and productive work environment for all employees and to protect RDW's property, equipment and operations. All employees must abide by this policy as a condition of employment or continued employment. Job applicants will be required to be tested for drugs as part of a conditional offer of employment with the company.

SCOPE:

This policy applies to all job applicants and to all employees, but not to persons subject to U.S. Department of Transportation regulations 49 CFR Part 382 regarding alcohol and drugs, who are covered by a separate policy.

This policy is applicable to all RDW-owned facilities and to wherever RDW employees are performing RDW business. This policy replaces and supersedes all previous RDW policies regarding Drug and alcohol testing.

This policy is not intended as an offer of employment and does not constitute a contract of any type between the Company and any job applicant or employee. This policy also does not alter the at-will nature of the relationship that exists between the company and its employees, or require the Company to make a job offer to any applicant.

RECEIPT OF POLICY AND NOTICE OF TESTING:

Applicants and employees have access to this policy. Notice of this policy is included in the application process. In addition, the Company will post a notice in an appropriate and conspicuous location on RDW premises which advises employees and applicants that RDW has adopted substance abuse policies for employees and applicants which includes drug testing and that a copy of the policy is available for inspection during regular business hours in the Human Resources Department.

DEFINITIONS:

The following definitions apply when used in this policy:

- A. "RDW-owned facilities" and "RDW equipment, machinery or vehicles" means all property, equipment, machinery or vehicles owned, leased, rented or used by RDW for business purposes.
- B. "Drug" means a controlled substance as defined in Minnesota Statutes 152.01, subdivision 4. It includes, but is not limited to, narcotics, depressants, stimulants, hallucinogens, and cannabis (marijuana). The drugs that the RDW will test for are set forth below.
- C. "Job applicant" is a person who applies to become an employee of the RDW and has received a job offer contingent on the person passing a Drug test. Job applicants include persons who have not worked for the RDW previously, and persons who have previously worked for and voluntarily or involuntarily terminated from RDW.
- D. "Reasonable suspicion" means a basis for forming a belief based on specific facts and rational inferences drawn from those facts.
- E. "Safety-sensitive position" means a job, including any supervisory or management position, in which an impairment caused by drug or alcohol usage would threaten the health or safety of any person.

PROHIBITIONS/REQUIREMENTS:

- A. No employee shall report to work under the influence of alcohol, illegal drugs, or legal drugs used in an unauthorized manner.
 - (i) This prohibition does not apply to prescription or over-the-counter medications taken by employees in safety-sensitive positions which:
 - (1) Have been lawfully prescribed to, or obtained by, the employee;
 - (2) Are being used by the employee in accordance with the prescription's guidelines (if applicable);
- and

(3) Before reporting to work under the influence of such medication, the employee has inquired whether the drug manufacturer or the employee's physician warns against driving, operating machinery or performing other work-related safety-sensitive tasks. If such warnings exist, the employee taking the medication must inform his or her supervisor of such restrictions before reporting to work under the influence of such substances. When informing his or her supervisor(s) or the human resources department of such restrictions, the employee should not identify the medication(s) being used or the reason for its use. RDW will evaluate and respond to this information on a case-by-case basis. Responses may include, among other things, temporary job reassignment or modifications, a request for additional medical documentation and consultation, and/or an instruction that the employee not work until the restriction is removed. Any employee reporting to work in a safety-sensitive position without first advising the RDW about warnings accompanying lawfully prescribed or obtained medications will be subject to disciplinary action up to and including possible termination of employment. An employee's lack of knowledge concerning such warnings will not excuse a violation of this rule where an employee has failed to make the inquiries required by this rule.

- B. No employee shall distribute, dispense, possess, sell, transfer, or use alcohol while on RDW premises, including RDW parking lots, or while operating RDW machinery, equipment or vehicles, or while engaged in RDW business off premises. No employee shall consume alcohol at any time during an employee's workday. This includes, but is not limited to, while an employee is on or off the premises of the RDW, as well as during the employee's meal and other break periods. Exception: This prohibition does not include the authorized and reasonable consumption of alcohol by an employee of legal drinking age at functions or activities sponsored by RDW or a client. However, responsible, professional, business-like behavior is expected of employees (including management) at all times. Inappropriate, unprofessional behavior associated with alcohol consumption may subject employees (including management) to disciplinary action, up to and including termination.
- C. No employee shall engage in the unlawful manufacture, distribution, dispensation, solicitation, possession, sale, transfer or use of drugs while on RDW premises including RDW parking lots, or while operating RDW machinery, equipment or vehicles, or while engaged in RDW business off premises.
- D. Illegal drugs found on RDW premises, including but not limited to RDW parking lots, machinery, equipment or vehicles, may be turned over to a local law enforcement agency for criminal prosecution. In addition, RDW may notify a local law enforcement agency when it suspects that an employee may be in possession of illegal drugs or otherwise be engaged in any unlawful activity while at work or on RDW premises.
- E. Marijuana – including “medical marijuana” – is illegal under federal law and may not be used in the workplace. All employees are prohibited from being under the influence of marijuana while at work.
- F. No employee shall refuse to submit to any drug or alcohol test that is required under the RDW's policy. Refusal will result in the employee's immediate termination of employment. This prohibition applies to tests administered pursuant to a Treatment Program.

FAILURE TO COMPLY:

All job applicants who receive a conditional offer of employment and all employees are responsible for reading and understanding this policy. A job applicant or employee with questions regarding the policy should direct the question to his or her supervisor or to the Human Resources Department.

Failure to comply with any part of this Policy may result in a withdrawal of any conditional job offer for job applicants. Although job applicants have the right to refuse to submit to a drug test, job applicants who refuse to submit to a drug test or who test positive will not be hired.

Although employees have the right to refuse to submit to a drug or alcohol test, employees who refuse to submit to a drug or alcohol test will be terminated. Employees who test positive on a drug or alcohol test may be subject to discipline up to and including termination, in accordance with applicable state law.

“Refusal to submit to a test” includes, but is not limited to: excessive delay in reporting for a required test; refusing or failing to provide a specimen, or refusing or failing to attempt to provide a specimen without an adequate medical explanation; adulteration or substitution of a specimen, or attempting to adulterate or substitute a specimen; failing to complete any paperwork required by the collection facility; failing to remain at the testing site until the test is completed; failing or refusing to submit to a second test that may be required by the collector or RDW; or, failing to cooperate with any aspect of the testing process.

DRUG AND ALCOHOL TESTING:

To effectuate this Policy, RDW will test job applicants and employees for Drugs and/or Alcohol under the circumstances outline below.

Applicant Testing

- A. All job applicants who are conditionally offered employment will be required to pass a drug test. This testing will be conducted apart from or in conjunction with any required physical examination. No new employee should report to work before he or she has received the results of the Drug test.
- B. Positive Tests Results: Any applicant who receives a verified positive drug test result will be ineligible at that time for employment with the RDW. RDW’s decision shall be based only on the results of the drug test or a refusal to test.
- C. Re-Application and Rehire: RDW understands that individuals who are rehabilitated drug users or engaged in a supervised drug rehabilitation program and are no longer using drugs are protected under the Americans with Disabilities Act. Therefore, RDW will consider the applications of candidates who formerly tested positive for drugs after six (6) months. Candidates may subsequently be asked to show evidence of rehabilitation.

Employee Testing

Except as otherwise provided in this policy, employees are required to submit to testing under the circumstances described below. Except where conditions otherwise require, all tests will normally be conducted either during or immediately before or after the regular work period, which includes any period when an employee is working overtime. Employees will be paid for time spent being tested.

- A. Reasonable Suspicion Testing

Employees will be subject to drug and alcohol testing when the RDW has a reasonable suspicion that the employee:

- has violated or may have violated the RDW's policy on drugs and alcohol; or,
- is under the influence of drugs or alcohol. Such determinations will be based on current, articulable observations of the employee's appearance, behavior, speech and breath and/or body odors.

All "reasonable suspicion" tests must be administered as soon as possible following the determination. RDW shall transport or decide for the transport of the employee to and from the collection site. An employee who is required to submit to a "reasonable suspicion" test will be suspended after the completion of the drug or alcohol tests, pending receipt of the test results. RDW also reserves the right to evaluate the employee's conduct that triggered the drug and/or alcohol test, to determine if the conduct in and of itself warrants discipline, up to and including termination.

B. Post-Accident Drug and Alcohol Testing

Employees will be subject to drug and alcohol testing whenever an employee causes or contributes to a work-related accident when there is reasonable possibility drugs or alcohol may have contributed to the accident/incident. (as defined herein). As used in this policy, a "work-related accident" is an accident:

- which occurs while the employee is on the premises of RDW or at another work-site location, or is off-site while engaged in activities for or on behalf of the RDW, or while the employee is operating a vehicle, including the employee's, for or on behalf of the RDW, and,
- the accident results in one or more of the following: (i) a fatality; or (ii) bodily injury to any individual who, as a result of the accident, requires immediate medical treatment (excluding first aid) at or away from the scene of the accident; or (iii) property or vehicle damage to Company property or to the property of a customer that is reasonably anticipated to exceed \$500.

All post-accident tests must be administered as soon as possible following the accident (alcohol within 8 hours and drug within 32 hours). Employees who are involved in a work-related accident must remain readily available for testing or will be considered to have refused to submit to a test. However, an employee who is involved in a work-related accident is not prohibited from leaving the scene of an accident for the period of time necessary to obtain assistance in responding to the accident or to obtain necessary emergency medical care for the employee or others who injured as a result of the accident.

Except where circumstances do not permit, RDW shall transport or make arrangements for the transport of the employee to and from the collection site.

An employee who is required to submit to a post-accident test will be suspended after the completion of the test, pending receipt of the test results. RDW also reserves the right to evaluate the employee's conduct that triggered the test, to determine if the conduct in and of itself warrants discipline, up to and including termination.

C. Return to Duty and Follow-Up Testing

An employee may be required to undergo drug and alcohol testing upon returning to work after treatment in a chemical dependency treatment program, as permitted by applicable state law.

DRUG TESTING PROTOCOL-APPLICANTS AND EMPLOYEES:

A. In general, drug tests will be administered at outside collection facilities and analyzed by laboratories which are certified by the U.S. Department of Health and Human Services (“DHHS-certified laboratory”) or are otherwise required or permitted to be used under applicable state law.

B. Drugs to be Tested For

Unless otherwise prohibited by law, the Company will test for the following drugs: cocaine, amphetamines/methamphetamines, opioids, cannabinoids, and phencyclidine. We may also test for barbiturates, benzodiazepines, methaqualone, methadone, propoxyphene, buprenorphine, and oxycodone.

C. Consent

The individual to be tested will be issued a form on which he or she will acknowledge that he/she has seen the RDW’s Drug and alcohol testing policy and consents to the testing. (Receipt of policy upon hire).

D. Confirmation and review of drug test results

All positive drug test results will be confirmed by gas chromatography and mass spectrometry (“GC/MS”). All confirmed positive drug test results will be reviewed by a medical review officer (“MRO”) to determine whether there is any legitimate explanation for the positive test result. This review may include a medical interview, review of the employee’s medical history, or review of any other relevant biomedical factors and all medical records made available by the employee.

An employee’s use of prescription and over-the-counter medications may result in a positive test result. Employees will be given the opportunity to discuss with the MRO any legitimate explanation for the positive test result. Employees may provide any information which may be considered relevant to the test, including identification of prescription or nonprescription drugs currently or recently used, or other relevant medical information. If the MRO determines that there is a legitimate medical explanation for the confirmed positive test result, the MRO will report the test result as negative. If the MRO determines that there is no legitimate explanation for the confirmed positive test result, the result will be verified by the MRO as a confirmed positive test. If an employee refuses or fails to make himself/herself available to speak with the MRO, the MRO may verify a test as positive without having communicated directly with the tested individual.

If the MRO reports to RDW that a negative drug test was dilute, the applicant or employee will be directed to take another test immediately by direct observation. If the employee refuses to take a

second test, this constitutes a refusal to test. If the second test is negative dilute, the test stands as a negative.

If the testing facility determines the sample was is not the accurate temperature, the applicant or employee will be directed to take another test immediately by direct observation. The applicant or employee may not leave the testing facility. Leaving the facility will result in a refusal to test.

E. Right to Confirmatory Re-Test

Employees whose primary specimen is verified positive may request a confirmatory re-test of the ***original specimen***, at their own expense (unless otherwise provided by law), in a different DHHS-certified laboratory (or other laboratory required or permitted under state law) selected by the Company, unless otherwise required by law. In general, this request must be made by the employee within 72 hours of being notified by the MRO of a verified positive test result (unless otherwise required or permitted under state law).

F. Inability to Provide Adequate Amount of Urine

Employees must provide at least 45 milliliters of urine for a drug test. If the employee is unable to provide such a quantity of urine, then the individual will be instructed to drink a set amount of fluids and, after a set period of time, again directed to provide a complete specimen. If the employee refuses to drink the fluids as directed, or refuses to provide a new urine specimen, this will constitute a refusal to submit to a test. If an employee has not provided a sufficient specimen within a certain time period after the first unsuccessful attempt to provide the specimen, RDW will direct the employee to submit to a medical evaluation, as soon as possible, from a physician selected by RDW. If the physician determines that there is no legitimate medical explanation for the individual's failure to provide an adequate amount of urine, this will constitute a refusal to submit to a test. If the physician determines that there is a legitimate medical explanation for the individual's failure to provide an adequate amount of urine, the Company, in consultation with the physician or MRO, will determine whether the employee should be retested, including whether a reasonable accommodation, if applicable, can be made which will provide an adequate, accurate and timely test result that will not impose an undue hardship on the program.

G. Adulterated or Substituted Urine Specimens

Procedures for collecting specimens allow an individual privacy unless there is a reason to believe that a particular individual may adulterate or substitute the specimen. In such cases, a specimen may be obtained under the direct observation of a collection site person of the same gender as the employee, unless prohibited by law.

ALCOHOL TESTING PROTOCOLS

A. In General

Except as provided in subsection D. below, alcohol screening tests will be performed either by a screening test technician ("STT") using a non-evidential screening device which the STT is proficient to operate, or by a breath alcohol technician ("BAT") using an evidential breath testing device ("EBT") which the BAT is proficient to operate. RDW will only use non-evidential alcohol screening devices that are on the National Highway Traffic Safety Administration's ("NHTSA") Conforming Products List ("CPL") for non-evidential screening devices and EBTs which are on the NHTSA's CPL for evidential breath measurement devices.

B. Confirmation of alcohol test results and threshold for positive test results

If the result of the screening test is an alcohol concentration of 0.02 or greater, a confirmation test will be performed. The confirmation test will be conducted within 30 minutes from the end of the screening test. The confirmation test result is the final result upon which any discipline or other action taken under the company's policy shall be based. RDW will consider .04 bac or greater to be a positive test result.

C. Inability to provide adequate specimen amount for alcohol testing

If the employee is unable to provide sufficient saliva to complete a test on a saliva screening device, the STT shall conduct a new test, using a new device. If the employee refuses to complete the new test, this will constitute a refusal to submit to a test and the employee will be terminated. If the new test is completed, but there is an insufficient amount of saliva to activate the device, the employee shall immediately take a breath alcohol test using an EBT. If the employee refuses to submit to the test using an EBT the employee will be terminated.

Each employee shall blow forcefully into the mouthpiece of the EBT for at least (6) six seconds or until the EBT indicates that an adequate amount of breath has been obtained. If an employee fails to provide or claims that he or she is unable to provide a sufficient amount of breath to permit a valid breath test, RDW will direct the employee to obtain, within five days, an evaluation from a licensed physician who is acceptable to RDW and who has expertise in the medical issues raised by the employee's failure to provide a sufficient specimen. Failure to undergo such an evaluation constitutes a refusal to test. If the physician concludes that a medical condition has, or with a high degree of probability could have, precluded the employee from providing a sufficient amount of breath, the employee's test will be canceled. If the physician concludes that there is not an adequate basis for determining that a medical condition has, or with a high degree of probability could have, precluded the employee from providing a sufficient amount of breath, the employee will be considered to have refused to test.

D. Alcohol Testing in Minnesota

When alcohol testing is required in Minnesota, RDW will direct the employee to submit to a blood test. Blood tests will be analyzed at a certified laboratory and positive test results will be subject to confirmatory testing conducted by gas chromatography and mass spectrometry ("GC/MS") as well as MRO review.

An employee who receives a verified positive blood alcohol test may request a confirmatory "re-test" of the original blood specimen at a different DHHS-certified laboratory (or other laboratory required or permitted under state law) selected by RDW. This request must be made by the employee in accordance with the written notice provided by RDW.

NOTICE OF TEST RESULTS AND RIGHT TO REQUEST COPY

Within three (3) working days after receiving the test result report, RDW will notify the tested individual in writing of the result and provide a copy of any positive test result. Test results will be sent by mail only, or will be made available for pick-up by the tested individual, but will not be released over the phone.

1. Positive Test Result. Individuals who test positive (fail) will be notified in writing and;
 - a. In Minnesota: May submit information to RDW's Human Resources Department or the branch manager of the location of RDW's employment in addition to any information already submitted under the paragraph above, to explain the positive confirmatory test result; provided that all information must be received by the Human Resources Department or the branch manager of the location of employment within three (3) working days of the applicant's or employee's receipt of the positive confirmatory test result; and
 - b. In Minnesota, within five (5) working days after notice of a positive result on a confirmatory test, the job applicant/employee may request a confirmatory retest of the original test of the original sample at the job applicant/employee's own expense at a laboratory of the job applicant/employee's own choosing so long as the laboratory is statutorily authorized to conduct job applicant/employee Drug and/or alcohol tests, as applicable, pursuant to law. The job applicant/employees request must be in writing to RDW's Human Resources Department or the branch manager of the location of employment. If the confirmatory retest is negative, no adverse employment action will be taken.
2. Compensation for Drug and Alcohol Tests RDW will pay for all drug or alcohol tests required by RDW for pre-employment, random or reasonable suspicion, which includes a confirmation drug test performed on an employee's primary urine specimen. All time an employee spends providing a specimen for testing, including travel time to and from the collection site in order to comply with a test required under this policy, shall be considered as working time. The cost of any SAP evaluations, prescribed treatment and required follow up testing will be borne by the employee.

CONSEQUENCES OF POSITIVE TEST RESULTS (FAILED TESTS)

Applicants

- A. If the applicant tested positive on the confirmatory test for drugs and that positive result has been verified by a confirmatory retest, or has not been challenged, the RDW will withdraw the conditional job offer and the applicant will not be hired. If a conditional job offer is withdrawn, RDW will notify the applicant of the reason for the withdrawal.
- B. If a confirmatory retest is requested and the test does not verify the positive confirmatory test result, no adverse action will be taken. If the job applicant tests positive on the confirmatory retest, RDW will withdraw the conditional job offer and the applicant will not be hired.

Employees

A. First Failed Test

Any employee who receives a verified positive drug test result or a confirmed alcohol test result of 0.04 BAC or greater will be suspended and may be subject to discipline, and must comply with the following:

- I. If the employee has not tested positive previously and agrees to rehabilitation, then the employee may not be terminated and will be given an opportunity to sign and comply with the company's "last chance agreement. This provides the employee an opportunity to be evaluated for a drug problem by a substance abuse professional and, if determined to be necessary by the evaluating substance abuse professional, to participate in an alcohol or drug counseling or rehabilitation program, depending on the recommendation of the substance abuse professional, at the employee's own expense or through RDW's benefit plan, unless otherwise provided by law. The employee also may be subject to a return-to-duty testing, and follow-up testing, as recommended by the substance abuse professional, and as permitted by applicable law. (in Minnesota, return-to-duty and follow-up testing are permissible for up to two years following the employee's completion of the treatment program.)
- II. If the employee refuses to sign the "last chance agreement," refuses or fails to be evaluated by a substance abuse professional, refuses to participate in the counseling or rehabilitation program, or does not successfully complete the program, as evidenced by his/her withdrawal from the program before its completion or by a positive result on a confirmatory test after completion of the program, his or her employment will be terminated immediately.

B. Second Failed Test. The second time an employee has produced a confirmed positive Drug or Alcohol test that has been verified by a confirmatory retest, or has not been challenged, he or she will be discharged immediately.

CONFIDENTIALITY

- A. Test results and other information acquired in the Drug and/or Alcohol testing process will be treated as confidential information, except that, with the written consent of the tested individual, the information may be disclosed to another employer or to a third-party individual, government agency, or private organization.
- B. Evidence of a positive test result on a confirmatory test may, however, be used in an arbitration proceeding, an administrative hearing or any other applicable state or local law, or a judicial proceeding, provided the information is relevant to the hearing or proceeding. Evidence of a positive test result on a confirmatory test may also be disclosed to any federal agency or other unit of the United States government as required under federal law, regulation, or order, or in accordance with compliance requirements of a federal government contract and may also be disclosed to a substance abuse treatment facility for the purpose of evaluation or treatment of the employee.

SELF-IDENTIFICATION OF SUBSTANCE ABUSE PROBLEM

Consistent with and subject to RDW's policies concerning the Family and Medical Leave Act, and personal leaves and vacations, employees who voluntarily self-identify themselves as having a drug or alcohol problem and who voluntarily request assistance for such problem will be referred to a substance abuse professional for an evaluation and for an appropriate counseling, treatment or rehabilitation program, if recommended. The cost of the evaluation and any counseling, treatment or rehabilitation is the employee's responsibility. (For further details concerning the employee's payment obligations, employees should refer to their individual medical insurance plan.)

This request must be made before the employee is required to submit to a drug or alcohol test required by this policy. Employees may not use this self-identification provision to avoid taking a test when required under this policy or to avoid being disciplined for receiving a positive test result or for refusing to submit to a test.

Once leave commences, periodic certification that the employee is actively continuing to participate in the program, together with progress reports, may also be required. As a further condition of taking such leave, the employee will be required to authorize the attending substance abuse professional to communicate directly with RDW, including to release the employee's relevant treatment records to the RDW, except as federal or state law may otherwise require. All such oral and written communications between the substance abuse professional and the Company shall be treated as confidential.

Except where the federal or state law prohibits, all leave time taken for the evaluation, counseling, treatment or rehabilitation will be counted against the leave to which the employee may be entitled under the federal or state Family and Medical Leave laws, or other applicable leave policy, if any.

In accordance with the applicable "Agreement For Voluntary Treatment and Conditions for Continued Employment" executed by the employee prior to the commencement of such leave, the employee may be required to submit to a return-to-duty drug test as a condition of returning to work and receive a negative result. In some cases an employee may be required to submit to a return-to-duty alcohol test as a condition of returning to duty, and if tested, must receive a negative test result. The employee may also be required to submit to unannounced follow-up drug tests and/or unannounced follow-up alcohol tests as part of the program.

- A. RDW will not terminate or otherwise discipline employees who self-identify themselves to RDW as having a drug or alcohol problem and request leave for treatment. Further, under the ADA, alcohol tests are considered medical tests, and therefore, follow-up alcohol testing of an employee will be conducted only where job-related and consistent with business necessity, i.e., only on employees in safety-sensitive positions, and only as directed or recommended by the employee's treating substance abuse professional (SAP).

INSPECTIONS

Inspections Of RDW Property

RDW may conduct unannounced random inspections at any time and without cause for the presence of illegal drugs or unauthorized alcohol on RDW facilities and property such as (but not limited to) RDW-issued vehicles, desks, file cabinets, and lockers. Employees are expected to cooperate in the conduct of such inspections.

Inspections Of Individual Property

Personal inspections of employees and their personal property, such as (but not limited to) vehicles, clothing, packages, purses, brief cases, lunch boxes, or other containers brought onto or being taken off of RDW premises, may be conducted by RDW when there is reasonable suspicion to believe that the individual may have or has violated the drug or alcohol prohibitions contained in this policy.

6.21 DRUG AND ALCOHOL-FREE WORKPLACE

RDW will not tolerate the use of Drugs and Alcohol in the work place. RDW chooses to maintain a Drug and Alcohol-Free Workplace. The following activities are grounds for corrective action (as defined by state law), up to and including immediate termination if performed during working hours (including breaks) on company premises (including parking lots and adjacent company property) and off property worksites whether working or not, or while driving a company vehicle:

- Manufacturing, distribution, dispensing, possession, consumption or use of a controlled substance, or alcohol.
- Buying, selling, offering or receiving illegal drugs.
- Reporting to work or working while impaired by alcohol or drugs.

6.22 TOBACCO

For the safety and health of its employees, Russ Davis Wholesale is a tobacco free facility. There is no smoking (including e-cigarettes and vaping) or tobacco usage allowed inside any buildings or any vehicle owned or leased by RDW. (Exception: BlackJack over-the road drivers are allowed to use tobacco in their truck.)

Tobacco is permitted outside of the buildings, in designated areas only, to the extent that the following rules are observed:

1. Employee must be on break. No employee is to take additional breaks or extend breaks due to smoking.
2. That all cigarette butts, empty packs, etc. are placed in the proper receptacles.
3. Designated smoking areas are identified as outlined by state law.

Non-compliance with the above will result in the loss of the privilege of using tobacco products on RDW property.

6.23 EMPLOYEE UNIFORMS/APPROPRIATE DRESS GUIDELINES

DRIVERS & MECHANICS

Uniforms are furnished to drivers of RDW. Employees who leave the company within 90 days of receiving new clothing are required to return the uniforms. Clothing issued is expected to be worn during the work shift. It is the responsibility of the employee to maintain the uniforms in a responsible manner as your appearance is a

direct reflection of the company. If caps are worn by drivers they must be RDW caps. Mechanics are also furnished with uniforms.

WAREHOUSE & PRODUCTION STAFF:

Warehouse and Production staff are required to dress in a reasonable and safe manner according to the standards of the position held. Good Manufacturing Practices guidelines for dress and personal hygiene must be followed at all times for employee safety and general food safety reasons. No torn, excessively loose, or dirty clothing is allowed. For safety reasons, you must wear denim or other proper work clothing type material. Tank tops are not allowed. Proper use of any necessary personal protective equipment is required when changing batteries, working on equipment, etc. See Safety & GMP policy for additional details. These are all related to employee safety and general food safety concerns and are part of standard Good Manufacturing Practices.

OFFICE/BUYERS/SALES STAFF:

Office staff including buyers, sales, human resources, accounting, administration are expected to dress appropriately for the office by dressing “smart casual.” Smart casual is defined as a neat yet casual attire. Because we deal with the public it is important for us to have a professional appearance. Visitors including vendors, customers or prospects frequent the office and we expect a professional image at all times. First impressions are very important.

Your manager is responsible for the office dress code and this guideline is subject to change based on daily activities including meetings and/or visitors.

Examples of Smart Casual include: dress jackets, dress pants or skirts, polos or other collared dress shirts, sport coats, dresses, sweaters, vests, crazy fresh apparel, and neat & clean denim.

Note: If you are wearing jeans, your denim should look dressy, fresh and sharp and should be paired with a dress shirt. There should be no holes in the denim.

The following is not allowed:

- Athletic clothing (sweatpants, running pants, yoga pants, etc.)
- Shorts
- Hoodies and sweatshirts
- Torn or badly worn clothing
- Revealing clothing including low cut, crop top, etc.
- Collarless or sleeveless shirts including tank tops
- T-shirts
- Casual footwear (i.e. flip flops, athletic shoes, etc.)
- Hats

This policy does not apply to work performed on Saturday or Sunday.

DRESS CODE FOR MERCHANDISERS:

Merchandisers' dress code is the same as above except no denim Monday-Friday when out in the field. Denim pants are OK during non-business hours resets and case cleanings if allowed by the particular store/customer. Dress code for tent sales set ups are subject to each store's/customer's policy.

Examples of acceptable wear are available on the intranet.

All employees are reminded that clothing containing profanity, sexual references, or dealing with potentially controversial ethnic, racial, gender, religious, social, or political topics is strictly prohibited. Potentially offensive tattoos must be fully covered. Employees who do not follow dress code policy may be sent home without pay. Continual abuse of the dress code policy may be subject to discipline up to and including termination.

6.24 PUBLIC RELATIONS

Any requests for information from outside news organizations, competitors, trade magazines and other members of the public regarding Russ Davis Wholesale, its plans, sales, procedures, employees, or other matters should be referred to RDW's President or Vice President.

In an event of an emergency, it is important we ensure only accurate information is reported. Do not allow reporters, photographers, or other news people on the company property unless approval is granted by the President or Vice President. All statements to press should be directed to RDW's President or Vice President.

6.25 SOLICITATION AND SALE OF ITEMS ON RDW PROPERTY

In order to avoid interruption of work and to protect employees from unnecessary annoyance, RDW has adopted a no solicitation/distribution policy. Employees may not solicit for any purpose or distribution literature of any kind during working time or in work areas. However, employees can post notices in the employee lounge or bulletin boards.

Exceptions:

6.26 COMPANY-OWNED VEHICLES

Russ Davis Wholesale provides company-owned vehicles for identified positions for specific work-related purposes. To be eligible to use a company vehicle, employees must meet the following requirements.

- All drivers of company vehicles must be 18 years of age or older
- Must agree to:
 - All RDW to verify driving history via any and all State Motor Vehicle Records
 - Hold a Valid Driver's License or Permit
 - Notify Manager of any restrictions or revocations placed on driver's license.
 - Operate vehicle according to state law
 - Notify Manager of all traffic violations, including accidents, cited for while operating a company-owned vehicle.
 - Violations are evidence of an employee's failure to safely operate company equipment or complete assigned duties such as pre-trip inspections. Fines related to violations are the sole responsibility of the employee.

- Appropriately secure vehicle. Russ Davis Wholesale will not be responsible for damage or loss of personal possessions carried in the vehicle.
- Keep vehicle clean inside and out.

Any violations of requirements may result in disciplinary action up to and including termination.

7 SAFETY & WORKER'S COMPENSATION

7.1 SAFETY POLICY

We strive to provide a hazard free workplace that would comply with the OSHA standards, rules, regulations, as mandated under the Occupational Safety & Health act (OSHA) of 1970.

The personal safety and health of each employee of this company is of great importance. Establishing a work environment free of work related accidents or injuries are not only the responsibility of management, but also all employees. To achieve a safe work environment, everyone must be aware of known dangers and be on the lookout for potential dangerous situations that could exist.

To ensure everyone is aware of any safety concern the company has set forth a Safety, Health, and Loss Prevention Program that will specifically outline safe work practices, responsibilities, and consequences of not following company policies.

As your employer, we accept the responsibility for leadership in implementing our Safety, Health and Loss Prevention Program. As employees, you are responsible for complying with the policies set forth by RDW.

Safety is not just following rules and procedures rather safety is an attitude and requires commitment and constant vigilance.

7.2 DRIVER SAFETY POLICY

The safety and well-being of our employees is of critical importance to our organization. We therefore, each have a responsibility to not only protect ourselves when on the road, but also should to our part to protect those around us. Employees that are required to drive on company business at any time will be expected to consistently follow the procedures below:

- All employees are expected to wear seat belts at all times while in a moving vehicle being used for company business whether they are the driver or a passenger.

- Use of all handheld cell phones, whether personal or business-owned, while behind the wheel of a moving vehicle being used on company business is strictly prohibited.
- Although use of cell phones under any circumstances is strongly discouraged while driving, the use of hand-free technology may be warranted in unusual or emergency circumstances.
- Engaging in other distracting activities including, but not limited to, eating, putting on makeup, or reading is also strongly discouraged while driving.
- Use of alcohol, drugs, medications, or other substances, that in any way impair driving ability is prohibited.
- All employees are expected to follow all driving laws and safety rules such as adherence to posted speed limits and directional signs, use of turn signals and avoidance of confrontational or offensive behavior while driving.
- All vehicular accidents that occur while driving in the course of RDW business or while driving a company owned or leased vehicle, no matter how minor, are to be reported as soon as possible to your immediate supervisor.

7.3 OSHA - EMPLOYEE RIGHT-TO-KNOW

The company has adopted the Federal Right to Know Act. Employees have both a need and a right to know the hazards present in the workplace and how to protect themselves. Posters and Manuals are posted in each facility of those items which are hazardous to one's health.

7.4 A WORKPLACE ACCIDENT AND INJURY REDUCTION PROGRAM (AWAIR)

RDW has adopted A Workplace Accident and Injury Reduction Program (AWAIR) which implements a comprehensive workplace safety and health program. The Act requires employers in high hazard and injury producing industries to implement a comprehensive workplace safety and health program. Our program includes:

- Clearly stated goals and objectives for meeting safety and health goals.
- Detail how managers, supervisors and employees are responsible for implementing the program and how continued participation of management will be established, measured and maintained.
- The method(s) used to identify, analyze and control new or existing hazards, conditions and operations.
- How the plan will be communicated to all affected employees so they are informed of work related hazards and controls.
- How workplace accidents will be investigated and how corrective actions will be implemented.
- How safe work practices and rules will be enforced.

Russ Davis Wholesale, Inc.'s statement of safety policy, goals, and objectives outlined in this AWAIR Policy address the requirements of the AWAIR Act.

A. EXECUTIVE POLICY STATEMENT

The safety of our employees is the foremost consideration in the operations of Russ Davis Wholesale. Accidents and injuries are not only costly our organization and the individual workers, but can be disastrous to the future of their families. Russ Davis Wholesale endeavors to provide our employees with a work place free of recognized health and safety hazards in an effort to conserve our human and financial resources. It is our company policy that everything within reason will be done to maintain a safe

workplace for all employees. Russ Davis Wholesale supports the concept of returning injured employees to work in a productive position within our company at the earliest, medically possible opportunity. We believe that each employee has a place in our accident prevention program and is expected to cooperate fully in all measures taken to control and prevent losses.

B. SAFETY AND HEALTH PROGRAM DESCRIPTION

The objective of our health and safety program is to reduce employee accidents, injuries and illnesses through:

1. Maintenance of safe and healthful working conditions
2. Insuring employee adherence to proper operating practices and procedures designed to prevent accidents, injuries and illnesses
3. Observing, applying and complying with all Federal, State and Local safety regulations. Including, but not limited to:
 - Company Emergency Plan
 - Employee Right to Know Program
 - Personal Protective Equipment Standard
 - Lock out/Tag Out Program
 - Confined Space Entry Program
 - Hearing Conservation Program
 - Fall Protection Standard
 - Respirator Program
 - Ergonomics Program
 - Forklift Training Program
 - Drug Testing
 - Pre-employment Screening
4. Ensuring that each employee is properly trained and instructed in job procedures prior to job assignments.
5. Providing regular safety meetings for all employees as a means of obtaining new and updated information and training.
6. Conducting periodic safety and fire inspections to identify potential workplace hazards.
7. Conducting accident investigations to determine the cause of accidents and what actions are necessary to prevent future reoccurrence.
8. Implementing a management/labor safety committee.

C. RESPONSIBILITIES FOR WORKPLACE ACCIDENT AND INJURY CONTROL

Although safety is the responsibility of every employee, our management is responsible for the implementation, maintenance, and enforcement of safety and health policies and procedures. These

efforts will be in the form of employee education in safety and health practices, periodic safety inspections of the facilities and work sites and company safety meetings to review safety concerns and provide a forum for employee education. Specific responsibilities/accountabilities for safety are as follows:

The **Safety Coordinator** will:

- Establish and maintain a health and safety reference library.
- Keep apprised of changes in health and safety regulations.
- Establish safety rules.
- Conduct accident investigations and safety inspections.
- File appropriate reports concerning accidents or illnesses.
- Chair the Labor/management safety committee.
- Provide safety training programs to new and existing employees.
- Train managers and supervisors in their safety responsibilities.
- Accompany outside safety inspectors and consultants on tours of the facilities.
- Follow up on recommendations made by management, employees, the safety committee, outside inspectors and consultants.
- Maintain the accident record keeping systems and the OSHA logs. (in partnership with Human Resources)
- Maintain safety training records (date, topic, content, attendance).
- Audit company safety performance and the goals of the AWAIR program.

Company Management - is responsible for the development, implementation and maintenance of the health and safety program. Managers will assign specific safety responsibilities and establish accountability measures. They will provide the resources needed to comply with all safety regulations and programs. Management will insure that accident investigations are conducted after every reported incident, regardless of whether an illness or injury occurred. These incident reports will be analyzed by managers to determine corrective measures for preventing reoccurrence.

Supervisors - are responsible for overall safety of the specific operations of the company. Supervisors will consistently enforce all safety rules and ensure that safe practices are followed. They will also set a good example by following all safety and health rules and safe work practices. In the event of an accident, supervisors will insure employees receive proper medical attention and that an accident report is completed. Supervisors will arrange for the correction of unsafe work conditions or procedures.

Lead employees - are responsible for acting as an extension of their supervisors in day to day activities. These responsibilities include participating in accident investigations, supervision of crew and conducting daily inspections of the work site conditions and equipment to insure safe practices and procedures are followed.

Employees - are responsible for day to day work activities and are responsible for complying with all safety regulations, company safety rules, following safe job procedures and notifying the lead worker or supervisor in the event of accident or unsafe work conditions.

D. SAFETY COMMITTEE

The purpose of the safety committee is to assist in the detection and elimination of unsafe conditions and work procedures utilizing the following measures:

1. The Safety coordinator will oversee the committee and maintain records of committee activities.
2. Management representatives from each work area (i.e. office, warehouse, shop, etc.) should be present at each meeting. In the event they are unable to attend, an alternate should attend.
3. Employees shall select fellow workers from each work area to represent them on the committee.
4. The frequency of meetings shall be determined by the committee, but shall not be less than once per month.

Scope of activities:

- Conduct safety inspections
- Assist in accident investigations to uncover trends
- Review accident reports to determine means of eliminating accidents
- Accept and evaluate employee suggestions
- Promote and publicize safety
- Monitor safety program effectiveness
- Review job procedures and recommend improvements

E. INSPECTIONS

Safety inspections of our facilities will occur on a continual basis and may be performed by the safety coordinator, managers, supervisors, consultants, insurance agents, government representatives and/or the safety committee. These inspections will take the following form:

Departmental or work site analysis - inspections involve wall to wall inspection of a given department or work site and are normally performed in the presence of a departmental supervisor. These inspections will:

- Pay special attention to jobs with a history of accident and illnesses.
- Involve observations of every machine, operation, process and employee.
- Ask the question "what if".

Critical Items - involve the inspection of high hazard machinery, processes, or areas, with a critical eye for possible sources of injury and methods of making these areas safer to employees.

Special Purpose - inspections will involve specialized tests or evaluations including, but not exclusive to:

- Air quality

- Noise
- Ventilation
- Ergonomics
- Other *(include special testing that may be required)*

F. COMPANY SAFETY RULES AND STANDARD OPERATING PROCEDURES

Each employee is part of the safety team. Coworkers are dependent on each person correctly performing their assigned duties. The keys to preventing accidents are following safety rules and procedures by all employees, the proper use of all machines, equipment and personal protective equipment. The following rules are provided to help employees perform their jobs safely and correctly. **Compliance with these rules is required to help prevent injuries to individual employees or others and to prevent damage to property.**

These rules apply throughout the company, although some departments, because of their specialized work, may have special, additional rules. Employees are required to read all safety rules, to know and follow them. A copy of the safety rules will be given to each employee and will be posted on company bulletin boards. New employees will receive a copy of the safety rules upon hire. Employees are asked to sign an acknowledgment form which states that they have read the safety rules and understand them. This form will be kept with the employees personnel file. Violations of safety rules or safety instructions may be followed by disciplinary action even though the particular violation did not result in an accident. These rules may not be completely detailed or all inclusive, therefore, whenever unique or unusual problems arise or more specific information is necessary employees should contact their supervisor.

All Employees will:

1. observe all company safety and health rules and apply the principles of accident prevention in all day to day activities
2. remain in their assigned departments unless called away by assigned duties or in the regular course of their employment
3. refrain from horseplay, throwing objects, scuffling, fooling around and/or distracting others in ways that may lead to injuries
4. obey all posted rules, warning signs and no smoking areas
5. read safety bulletins
6. walk at all times on company premises (no running) and take no unauthorized shortcuts.
7. never report to work under the influence of alcoholic beverages or drugs nor shall any employee consume, purchase or possess these items while on company premises.
8. never climb upon, through, under or around racking, pallets, trucks, equipment, forklifts, rail cars or other obstructions.
9. jumping on or off moving forklift or vehicle, operating equipment without training or permission; climbing or standing on racks
10. not attempt to lift or push objects that may be too heavy for them. Ask for help when needed. Learn to use correct lifting techniques to avoid strains: bend knees, keep upper body erect, push with the legs.

11. advise fellow employees to work safely and warn workers who are working carelessly
12. remove jewelry, rings, bracelets and chains as these items may get caught in machinery or cause accidents
13. always use proper personal protective equipment for each assigned job.
14. report hazards to lead workers or supervisors immediately
15. never wear frayed or loose clothing or unrestrained hair in areas where it may get caught in machinery. Employees with long hair must wear it up
16. check to make sure ladders are free from defects, broken rungs and have solid feet
17. never use makeshift ladders, scaffolding or climb on boxes
18. never tamper with electrical switches, extension cords or circuits unless authorized
19. always shut down machines before cleaning, adjusting or repairing. Lock and tag the machine and switches
20. never oil machines while in motion
21. never use hands to remove obstructions from equipment unless equipment is shut off and locked and tagged
22. never use defective hand tools
23. never operate equipment for which you have not been properly trained and authorized. Observe safe operating procedures for equipment or processes.
24. always tie down materials on a loaded vehicle or platform
25. always chock the wheels of a truck
26. use a tether when on an elevated surface
27. wear seatbelt when one is provided on a machine or a vehicle
28. always put out warning signs or tags to warn others of a danger
29. never load over the safe load limit or load too high or too wide
30. Always insure that they follow safe procedures and use all safety devices and equipment. Never operate machines when guards are not in place. Guards must never be removed except when necessary to make adjustments or repairs or when their use is impractical and they should be replaced immediately upon completion of work.
31. never alter equipment without prior authorization
32. always wear respirators when there are heavy flames or dust present. Insure that proper training in the use, care and cleaning of respirators has been received prior to use
33. always wear appropriate footwear for each assigned task
34. always wear appropriate hearing protection for designated areas/tasks
35. always keep work areas and floor clean. Put all oily and wet materials in proper containers. Put all rubbish in containers provided. Pick up all broken pallets and wrapping from floor
36. keep doors, aisles, control switches, emergency equipment, fire extinguishers, eye washes, first aid kits and exits clear
37. learn the location of fire fighting equipment, safety exits and evacuation procedures for their department

G. ENFORCEMENT

The following procedures will be followed in dealing with safety infractions:

- A. Any employee observed committing an unsafe act, violation of safety rules or causing an unsafe condition to exist will be stopped immediately and questioned.
- B. The reason for the violation will be determined.
- C. Instruction in the safe procedure will be given. When this instruction is given the following will be observed:
 - Tell the employee what is to be done.
 - Show the employee the correct way to do the job.
 - Test the employee, let the employee practice, the employee will be observed and suggestions for improvements will be given as needed.
 - Check the employee by following up after the employee has returned to work to see that the safety rules are being followed.
 - Unsafe conditions will be corrected at once. If unable to do so, all employees involved will be warned of the hazard. Prompt notification of those responsible for making the correction will be made.
 - Employees will be spot checked occasionally to see that they are following instructions.

H. ACTION REQUIRED FOR VIOLATION OF COMPANY SAFETY RULES

Disciplinary action will be enforced based on our Company Guidelines as outlined in the handbook for Corrective Action. Based on the severity of the violation, RDW retains the right to administer as deemed appropriate including immediate suspension or termination without any prior warnings.

G. ACTION PLAN FOR IMPLEMENTATION

1. **Communications** - Each employee will receive a copy of this program for review and training. All new employees will receive this information through the new employee orientation process. Additionally, employees will be kept aware of changes and additions to the program through: notices on bulletin boards, signs, and accident alert notices.
2. **Supervisor training** - All supervisors will receive copies of this AWAIR program and instructions on how to train their employees in this material. Supervisors will receive training in new processes and procedures as these programs are developed and prior to the assignment of employees in these areas. This training will be conducted by company management, vendors or consultants. Refresher training will be provided as needed and required.
3. **New employee orientation** - Orientation will begin the first day of employment for all new employees, rehires, part-time employees, and those transferred from different departments. The orientation program will include the company's policies and rules and will provide a thorough safety briefing, as it relates to the job the employee will be performing. The orientation will include:
 - A. A tour of the facilities to acquaint employees with the scope of operations. This tour will identify: Emergency facilities, locations of emergency exits, telephones, warning sirens, first aid kits, supervisor's offices, eye washes and other emergency equipment.
 - B. Explanation of how the employee's job is important to the finished product or service.

C. Applicable training sections on:

- Company safety and health policy
- Employee responsibilities including safety rules and enforcement
- Communication, hazard reporting, accident reporting,
- Accident investigations
- First aid services
- Company emergency plan
- Employee Right to Know
- Blood borne pathogens
- Lockout/tagout procedures
- Confined space entry
- Personal protective equipment

4. **Existing employee training will include:**

- Regular safety meetings
- Training on new hazards or operations
- Training prior to all work assignments, including specific hazards
- Refreshers on all existing company safety programs

I. **HAZARD ASSESSMENT AND CONTROL**

RDW will conduct safety surveys of all departments and work sites to determine potential hazards which may be encountered in the normal course of duty.

Periodic follow-up surveys and/or environmental sampling may be conducted when it is believed employees may be exposed to hazardous materials in concentrations which may be above recognition. This sampling may be conducted by qualified individuals retained by the company. Results of the sampling will be provided to employees on a timely basis.

Employees are encouraged to report potential hazards and unsafe conditions to their supervisor. It will be the responsibility of the supervisor to verify whether or not a hazardous condition actually exists, and to initiate corrective actions should they be necessary.

It will be the responsibility of the supervisor to report noted hazards to the safety coordinator who will document the identified hazard and the corrective actions taken. This documentation will be kept on file with the safety coordinator.

Once hazards are identified we will take measures either to eliminate the hazards by removing them from our operations or work sites or to control those hazards through:

1. **Engineering controls** - which would include replacing defective equipment, change different procedures or making additions or modifications to facilities, equipment eliminates or control identified hazards.
2. **Administrative controls**- which will be implemented after all practical engineering reviewed,

include: new procedures, limits on employee exposures, written policies and training.

3. **Personal protective equipment** - is the final method of controlling hazards and will review of engineering and administrative controls.

J. **ACCIDENT INVESTIGATION**

Following an accident, the company will investigate the series of actions, steps or failures. Once these steps are identified, they can be eliminated or controlled to prevent future accidents. The purpose of accident investigations is not to place blame, but rather to determine the cause of the accident or "near miss" and eliminate the causative factors. Accident investigations begin with prompt reporting of accidents by employees to supervisors. It is then the responsibility of the supervisor to ensure that employees receive prompt medical attention as required. Basic information collected at the scene of the accident should be entered on our accident report form. Upon completion of the form it should be sent to the Human Resources and the Safety Coordinator to review and corrective actions should be taken to prevent a reoccurrence.

Recordable injuries and illnesses will be logged on the OSHA 300 which will be posted on company bulletin boards each February. The safety coordinator, managers and insurance staff will be responsible for monitoring these records to identify trends that may indicate previously unidentified hazards or additional training that may be required.

K. **ACCOUNTABILITY**

All employees are responsible for safety; therefore, safety will be one item that is included in every employee's job description. Safety attitude and participation will also be considered as part of all employee performance reviews.

For employees - accountability includes adherence to safety rules and procedures, using protective equipment as required, participation on the safety committee and prompt reporting of any hazard.

For Supervisors- accountabilities include training new and existing employees in safe practices, enforcement of safety rules and procedures, prompt reporting and correction of hazards, accident investigations, department safety inspections, positive reinforcement of safe behavior and timely employee communications.

For Managers - accountabilities include all of the areas required for supervisors with the addition of participation on the safety committee, reductions in injury rates and workers compensation costs, accident investigations, proactive elimination of hazards and demonstrated leadership in safety related matters.

L. **ESTABLISHED GOALS**

The number one goal of RDW's AWAIR program is to establish a safe work environment for all company employees. In order to measure the effectiveness of our program the company has established the following additional goals:

1. Reduction in lost work day incidence rate (LWDIR) which is calculated using the following formula:

$$\text{LWDIR} = \frac{\# \text{ of lost time injuries/illnesses per year} \times 200,000}{\text{Total number of employee hours worked during the year}}$$

2. Reduction in workers' compensation premium.
3. Reduction in accident reports filed.
4. Reduction in near miss accidents.
5. Actual documentation of hazards removed from the work place.

M. ANNUAL PROGRAM REVIEW

The safety and health efforts are ongoing and will be reviewed and updated annually or as often as necessary to help us meet our program goals.

7.5 PERSONAL PROTECTIVE EQUIPMENT

The goal of RDW is to provide a safe environment for all employees. This means that employees use OSHA mandated personal protective equipment for the job that is being performed. RDW will purchase all personal protective equipment except steel-toed shoes and prescription safety glasses.

Foot Protection (OSHA 1910.136): **Employees are required to wear steel-toed shoes if assigned to work in the warehouse, certain production positions, and truck driving.** Individuals who are required to wear steel-toed shoes and who report to work without them will be sent home to get them. An allowance of up to \$50.00 in a twelve (12) month period will be reimbursed to the employee once annually during January/February.

Eye Protection (OSHA 1910.133): All employees who perform jobs that involve cutting, grinding or any other tasks in which particles may fly, are required to wear eye protection with side protection. This would include anyone using power tools, pipe cutters, or any similar type equipment or any employee changing overhead light bulbs. All employees who perform jobs that expose them to the potential of splashing acids or other chemicals are required to wear eye protection with side protection. This would include anyone who services batteries.

Head Protection (OSHA 1910.135): All employees who work in areas where there is a potential for injury to the head from falling objects are required to wear head protection. This would include changing overhead warehouse light bulbs.

Hand Protection (OSHA 1910.138): All employee who work in areas where there is the potential for injury to the hand from sharp objects are required to wear appropriate hand protection.

Cell Phone/Electronic Equipment Usage: Cell phones are not to be used while driving any company truck, forklift, picker or any other powered equipment.

Fall Protection: Fall protection is required for work on order pickers and other similar raised platforms. Each machine has a specific type of harness or restraint system recommend manufacture. See Safety Harness Policy.

Employees not wearing required protective equipment will be subject to disciplinary action up to and including termination.

7.6 WORKER'S COMPENSATION POLICY

Workers Compensation laws cover all RDW employees. These laws require that you receive benefits if you incur injuries or work-related illness while engaged in your employment. If you are injured or become ill on the job, and it is work-related, report the injury or illness to your supervisor immediately.

IF YOU ARE INJURED:

You must report your injury IMMEDIATELY to your supervisor. Seek medical attention if necessary.

YOUR SUPERVISOR WILL DIRECT YOU TO:

1. Complete the First Report of Injury.
2. Seek medical attention (if necessary) at the assigned occupational clinic nearest to you
3. Once the First Report of Injury is recorded with our Worker's Comp Insurance, a claim number will be assigned. It is your responsibility to relay this number to your provider. The First Report of Injury must be completed completely and with detail. Failure to report an injury or illness may result in loss of benefits.
4. If you have missed work, you must provide a return to work medical release form. (with or without restrictions).
5. Follow all instructions given to you by the physician and inform your worker's compensation claim handler of these instructions.

IF YOUR INJURY REQUIRES CONTINUED MEDICAL CARE, OFF WORK OR RESTRICTED WORK IT IS YOUR RESPONSIBILITY TO:

- Inform and provide your Supervisor with workability reports and restrictions. RDW will make every attempt to return an injured employee to a light duty position until they are released to their regular position. See Return to Work Policy.
- Call your workers' compensation claim handler immediately following each medical visit.
- Neither the employer nor the insurance carrier will be liable for the payment of workers' compensation benefits for injuries that occur during an employee's voluntary participation in any off-duty recreational, social or athletic activity arranged by the employer.

Workers' compensation fraud is a punishable crime. Our organization and our insurer have a "zero tolerance" policy for fraud. Offenders will be prosecuted.

Please call Human Resources if you have any questions regarding Worker's Compensation.

Russ Davis will abide by all current and applicable state laws with reference to Workers' Compensation.

REPORTING:

All work-related incidents must be reported by the employee to his/her immediate supervisor **within 24 hours**. Prompt reporting assures compliance with state and federal regulations, timely benefit payments and a thorough investigation to prevent similar incidents.

No retaliation of any kind will be tolerated for the act of reporting an injury, when an employee in good faith reports a work-related incident.

MEDICAL TREATMENT:

Emergency Medical Care

In a medical emergency, call 911 to transport the employee to the nearest emergency room.

Non-Emergency Medical Care

Employees needing non-emergency medical care will be referred by their Supervisor/Branch Manager to the designated clinic for an evaluation.

In all situations requiring medical treatment, a **Report of Work Ability** will be required for completion by the attending physician. Forms are available from your Supervisor/Branch Manager. All employees must remain in contact with their Supervisor before and after treatment for a work-related incident.

7.7 RETURN TO WORK POLICY

Russ Davis Wholesale, Inc. supports the practice of returning injured employees to work as soon as medically possible, to a position within our Company compatible with the employees' restrictions, physical ability and skill set. This program will be coordinated with our Worker's Compensation Insurance carrier.

The prompt return of an injured employee to a position within medical restrictions will help them regain a sense of job security, retain self-esteem, and help to re-establish the pre-injury lifestyle. Russ Davis Wholesale, Inc. in turn retains an experienced employee, maintains continuity in the work force, limits needless medical cost, and benefits from the employees' experience. We believe this practice serves the best interest of both the injured employee and company.

The injured employees' current position very well may be modified to fit medical restrictions. If this is not possible, the Company may create a temporary position that may be different from the regular job and at a different pay level. Modified duties will be determined at the time of need.

7.8 EMERGENCY ACTION PLAN

The purpose of the Plan is to establish rapid and orderly response to an emergency situation which would require either the evacuation of the building or movement of people to a central location. The safety of all personnel at the site is of utmost importance.

All employees are responsible for following directions given to them, assisting any visitors who happen to be in the area and reporting immediately to the assembly location and remaining there until released by the General Manager or the person in charge. All employees are expected to evacuate immediately when ordered to do so.

SUDDEN SEVERE ILLNESSES

Occasionally, an employee may become suddenly and severely ill while at work. All employees are expected to call for emergency assistance as warranted. Dial 911 in the event of the following problems: chest pain, severe shortness of breath, sudden paralysis, severe weakness, or difficulty speaking, change in consciousness, or seizure. Be certain management is notified of the call for emergency assistance. If possible, send someone outside to meet the emergency personnel and guide them to where the ill person is located.

VEHICULAR ACCIDENTS

All vehicular accidents that occur while driving in the course of company business or while driving a company owned or leased vehicle, no matter how minor, are to be reported as soon as possible to the driver's immediate supervisor. Truck drivers operating under DOT regulations are required by DOT regulations to remain available for drug and alcohol testing until released. Other drivers may be subject to drug and alcohol testing following a vehicular accident as well.

MANAGING A FIRE IN THE FACILITY

Every fire is considered a major event and requires a rapid response to evacuate the facility, call the fire department and notify management.

Prevention of a fire is critical. At all times, every employee must be aware of fire hazards and take immediate steps to control such hazards. This includes but is not limited to:

- Immediately take out of service any electrical device that has a frayed cord or broken plug
- Do not overload circuits; this is especially a problem when power strips are used and more than one power strip is plugged into the same circuit.
- Smoking is allowed in designated areas only.
- No open flames may be used in the facility; this includes the use of candles.
- Adhere to all fuel storage guidelines.
- Ensure that debris in the warehouse is kept picked up. Especially dangerous is shrink wrap or paper that can become wrapped around the wheels of powered industrial trucks, overheat and start on fire.

If smoke or fumes are smelled, investigate immediately. Notify others in the area that there may be a problem and ask for assistance.

If a fire breaks out or there is concern over a gas leak:

- Sound the alarm
- Evacuate the building according to the Emergency Action Plan for the facility
- Call 911 immediately.

EVACUATION PROCEDURES

RDW is committed to the safety of our employees in the event of a fire, tornado, or other disaster. All managers and employees are responsible for being familiar with the emergency evacuation procedures and applicable emergency exits at each location.

8 CORRECTIVE ACTION & TERMINATIONS/SEPERATIONS

8.1 CORRECTIVE ACTION

It is the policy of Russ Davis Wholesale that all employees are expected to comply with our standards of behavior, company policies, procedures, and/or work rules and performance and that any noncompliance with these standards be remedied.

The company's policies, procedures, and work rules as outlined in this handbook are not all-inclusive and may be changed from time to time at the company's sole discretion. Nothing in this policy changes the at-will nature of the employment relationship.

Under normal circumstances, RDW endorses a policy of progressive disciplinary measures with hopes the employee will improve. We do however, retain the right to administer discipline at will, in any matter deemed appropriate. In other words, there may be circumstances where we deem immediate termination is appropriate without any prior warnings. Management is not obligated to follow any or all of these steps in any predetermined order; these are for reference purposes only.

VERBAL COACHING

This action advises the employee that a specific situation needs to be changed or corrected. Once verbal coaching has occurred, the supervisor will document the details of the discussion for future reference.

WRITTEN WARNING

The type of discipline is determined by the Manager after discussion with the supervisor of the employee subject to discipline. The Supervisor completes a disciplinary report which documents the incident(s) at issue. The Supervisor discusses the report with the Manager to determine the type of warning. Both parties then meet with the employee and communicate the behavior change that needs to take place and/or the actions that need to be discontinued.

The employee will have the opportunity to document his/her comments on the report. The employee's signature on the report merely acknowledges that the report was discussed with the employee. The signature does not indicate the employee's agreement with the contents of the report.

UNPAID SUSPENSION

The Manager and the Supervisor will determine the duration of the suspension. Once the Manager approves the suspension, a disciplinary report form is completed. The report will be discussed with the employee by the Manager and Supervisor.

The employee will have the opportunity to document his/her comments on the report. The employee's signature on the report merely acknowledges that the report was discussed with the employee. The signature does not indicate the employee's agreement with the contents of the report.

RELEASE OR DISCHARGE

The company retains the right to terminate employees at its sole discretion, irrespective of the above-referenced disciplinary guidelines.

The progressive disciplinary guideline outlined above may also be applied to an employee who is experiencing a series of unrelated problems involving job performance and/or behavior. Violations of the same policy are not necessary in order to apply the next level of discipline.

8.2 RESIGNATIONS

When resigning from employment, you are encouraged to give at least two weeks' notice of resignation. Written notice of resignation should be given directly to your supervisor stating the reason(s) for resignation and the effective date.

8.3 INVOLUNTARY TERMINATIONS

Employees are hired with the anticipation they will perform well in a positive, fair environment. Occasionally, situations may occur which are unacceptable to the company and other employees. There are some actions that may be grounds for immediate termination.

In addition, in accordance with the "at-will" status of all RDW employees, RDW retains the right to terminate employees or to place them on layoff (ex: job elimination, reduction in staff, etc.) as long as this action does not violate any state or federal law or regulation.

8.4 TERMINATIONS PAY PRACTICES

Russ Davis Wholesale complies with all state laws concerning termination pay practices. Termination paychecks include your regular wage/salary due and any accrued and unused PTO which is owed to the employee. See Return of Company Property policy regarding additional information regarding the payout of accrued PTO.

8.5 RETURN OF PROPERTY

You are responsible for all property, materials, or written information issued to you or in your possession or control. You must return all company property immediately upon request or upon termination of employment. This includes, but is not limited to customer lists, pricing information, product or training literature, credit cards, computers, cell phones, and keys. In addition, if you fail to return company property by the due date (date of demand or separation, unless indicated otherwise by the employee's manager), you may be forfeiting your right to payment of the equivalent accrued, but unused PTO. This forfeiture shall be in addition to, and not be a waiver of, RDW's right to seek subsequent criminal and/or civil remedies. Any forfeited PTO shall not be off-set or in any way deducted from any damages awarded to RDW in a civil or criminal action. We may take all action deemed appropriate to recover or protect our property.

8.6 UNEMPLOYMENT COMPENSATION:

RDW Human Resources Department administers unemployment compensation claims for all of RDW. If a former employee files a claim for unemployment benefits and the claim form is received, please forward the form as soon as possible to Human Resources. As well, if you receive a telephone call from the local unemployment office relating to the separation of a former employee, please direct the caller to the Human Resources Department.

8.7 EMPLOYMENT REFERENCES

Employees are not authorized to respond to requests for employment references or outside inquiries regarding current or former employees. All requests for employment references on existing employees or former employees should be referred to Human Resources.

8.8 REHIRING OF FORMER EMPLOYEES

Former employees of Russ Davis Wholesale may be considered for re-employment depending on the circumstances surrounding the separation. Contact Human Resources regarding re-hiring any former employees. Former employees would be subject to all applicant and new hire policies and practices.

Re-hires may have special re-enrollment rights in regards to some employee benefits (ESOP and Medical).

CHANGES TO THE HANDBOOK

As your Employee Handbook is based on RDW operational policies and procedures (many of which are required by Federal and State statutes), and present employee fringe benefit programs, all of which are subject to change, therefore this handbook is also subject to change. The management of RDW, therefore, reserves the right to change by addition, reduction, correction, deletion, or upgrading, any part or all of the materials in this handbook.

Any changes made to the handbook will be brought to the immediate attention of all employees through one or more of the following methods:

1. Employee meetings;
2. Posting of changes on the bulletin board at each facility;
3. Notification of changes via the Intranet
4. Corrections in the handbook itself.

EMPLOYEE ACKNOWLEDGEMENT FORM

I acknowledge that I have been given access to Russ Davis Wholesale’s Employee Handbook and understand that I must read and become familiar with its contents.

I acknowledge that I will adhere to its policies, procedures, rules and guidelines.

I understand my employment with Russ Davis Wholesale is “at will” and as such is not for a fixed term or definite period of time and may be terminated at the will of either party, with or without reason and without prior notice.

I understand that nothing contained in this Handbook may be construed as creating a promise of future benefits or a binding contract with Russ Davis Wholesale.

I understand this Handbook outlines Russ Davis’ policies and practices in effect on the date of publication and supersedes any previous policies, manuals, handbooks, and practices, whether written or oral.

I understand these policies and procedures are continually evaluated and may be amended, modified or terminated by Russ Davis Wholesale at any given time.

I understand that if I have any questions about the Handbook, policies, and/or procedures, I am responsible for contacting my Manager or Human Resources to have those questions answered.