

Lithia Motors Workforce Policy

Anti-Discrimination and Harassment

Lithia Motors, Inc. is committed to providing a workplace where every team member is treated fairly and respectfully. It is expected that each Lithia team member assist in maintaining a work environment free from discrimination or harassment of any kind with the intention of making Lithia a good place to work for all our employees nationwide.

Our Company makes it clear, via multiple channels, that inclusivity and fairness are standard and that any form of harassment will not be tolerated. As is stated in the Company's [Code of Business Conduct and Ethics](#), "A key element of the success of the Company is the collaborative effort of its directors, officers and employees and their ability to recognize and embrace the diversity of the Company workforce. In order for the Company to gain the full benefits from a diverse workforce, each employee must respect the rights and dignity of our co-workers..." This Code further provides guidance to team members by highlighting the importance of honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest.

Additionally, each employee is required to read the Employee Handbook upon hire and must acknowledge in writing his/her understanding of the Harassment and Discrimination Policy. The policy states that "disparate [unequal] and unfair treatment of any employee or individual because of his or her race, color, religion, creed, pregnancy, age, marital status, sex, national origin or ancestry, sexual orientation, gender identity or expression, physical or mental disability, medical condition, genetic information, veteran status, or any other consideration protected by federal, state or local law is prohibited. No employee is exempt from this key policy or is permitted to engage in conduct that violates this policy. Violation of this policy may result in disciplinary action, up to and including termination."

Labor Standards

The diverse environments in which the Company operates require that the statements of our basic working conditions and labor standards be general in nature. However, we are committed to following labor standards in any and every working environment. Responsibility for oversight and execution of our human rights and labor standards falls under the Vice President, Chief Legal Officer, directly reporting to the CEO. Lithia Motors, Inc. and all its subsidiary entities comply with the principals below.

Child Labor

The Company will not use Child Labor. In no event will the Company employ a person below the age of 18, unless the individual is an approved

participant in an educational or apprenticeship program that would be clearly beneficial to the participant and is approved by Lithia Support Services.

Forced Labor

Lithia forbids all work or service which is not voluntary, obtained under the menace of any penalty or demanded as a mean of repayment of a debt. We will not tolerate physically abusive disciplinary practices. No individual is requested to pay a fee upon commencing employment with the Company. The request of documents aimed at confirming the employee's identity complies with all provisions of state and federal law. Lithia does not use or support human trafficking under any situation in its workforce.

Freedom of Association and Collective Bargaining

Lithia abides by all state and federal laws related to freedom of association and collective bargaining.

Compensation

The Company will promote our employees' financial and material wellbeing by providing compensation and benefits that are competitive and follow applicable state and federal laws. Unlike many standard retailers, employees within our dealership network earn above average wages. Employees in our retail locations earned an average wage of \$32.25 per hour during 2019 compared to the national median pay for retail workers of \$11.70 per hour, according to the 2018 survey from the Bureau of Labor and Statistics. This equates to average annual earnings in excess of \$61,000 per year, 176% higher than the median pay in the retail sector.

Health and Safety

It is a priority at all Company worksites that we provide and maintain a safe and healthy workplace for our employees. At a minimum, the Company assures full compliance with legal provisions concerning health and occupational safety in the workplace, with the goal of preventing any possible accidents and injury to health due to or associated with work activities. We will facilitate reporting of unsafe workplace conditions or acts without fear of reprisal. Additional information on our stores' Safety Committees can be found in our Lithia Occupational Health and Safety Standards Policy.

Work Hours

The Company will maintain compliance with applicable laws regulating work hours, overtime, leave and minimum rest periods. We do not promote systematic use of extensive overtime work and any overtime

hours will be appropriately compensated according to individual terms of employment and applicable regulation.

Workplace Violence

Lithia takes seriously the safety and security of our team members, which is why we will not tolerate any threats or incidents of violence or intimidation in the workplace. Any threats, incidents of violence, or intimidation of any nature whatsoever (including indirect

threats or acts of intimidation) directed against a team member or other party by another team member will result in immediate termination. Incidents may also be referred to local authorities for criminal prosecution where appropriate.

The possession of any weapons or other potentially dangerous materials, including but not limited to, firearms, knives, ammunition, fireworks or other explosives, is prohibited anywhere on Company property, unless allowed by state or local laws. Team members who are suspected to be in violation of this policy may be subject to searches which may include their privately-owned vehicle. If the team member refuses to allow the search, appropriate corrective action, up to and including termination, may be taken as a result of the team member's refusal to cooperate.

Lithia will promptly investigate all complaints, handling each in a confidential and professional manner. Upon conclusion of the investigation, the Company will determine the appropriate resolution to a complaint.