FARMERS COOPERATIVE CO.

Vehicle Policy & Fleet Safety Program
To: All Employees Driving Vehicles On Company Business.

From: Jim Chism, CEO

Re: Vehicle Policy and Fleet Safety Program

The safety of our employees and the general public has always been a primary concern of Farmers Cooperative Co. Safety responsibilities are to be placed on a level of importance as customer service, product quality control and other critical company objectives. Safety must be a top priority at all times for all employees of Farmers Cooperative Co. The following statement of policy emphasizes that the safety of employees, the public and company operations are paramount.

- Safety will take precedence over expediency or short cuts.
- Every attempt will be made to reduce the possibility of accident occurrence.
- We will comply with all federal, state and local regulations.
- We expect 100% defensive driving practices on the part of all drivers.

In keeping with this philosophy, we are distributing a copy of our Vehicle Policy & Fleet Safety Program to each employee who may drive a company vehicle or drive regularly on company business. The purpose of this document is to help ensure the protection of our employees and the general public from injuries that may result from operating vehicles on company business. Please take time to read the program, then sign and date the Statement of Acknowledgment found at the bottom of this memo.

I have read the Farmers Cooperative Co. Vehicle Policy & Fleet Safety Program and understand the information contained in the document. I acknowledge the fact I will be held accountable for complying with all rules and regulations listed in the program.

Name (printed) ____________________________________________

Signature ________________________________ Today's date ____________
Company Vehicle Policy & Fleet Safety Program

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Company Fleet Safety Policy Statement

Operation of a company vehicle is both a privilege and a responsibility. It is not a right. Drivers are responsible for operating the company vehicle according to state and federal law.

We have developed this Vehicle Policy and Fleet Safety program to establish a policy of accident prevention.

Our goal is to minimize the injuries our employees and members of the public suffer from vehicle accidents. We must also recognize that accidents have a negative effect on the potential for profit.

Indirect costs of accidents, combined with insurance costs, are a serious concern and we intend to reduce them by keeping the number of accidents to a minimum. Preventing accidents is an important responsibility of management. We will assume this responsibility and will give it the same consideration as our business procedures relating to quality, volume and the cost of operation.

For this Vehicle Policy & Fleet Safety Program to be effective, each employee must take serious responsibility in accident prevention. We earnestly request that everyone devote his/her serious attention to making this Fleet Safety program an integral part of day-to-day business operations.

For additional information, please reference the Employee Handbook.
Driver Selection and Retention

If a position requires driving on company business, the policy of Farmers Cooperative Co. is to allow only qualified drivers to operate company vehicles. All current employees who drive on company business and applicants must comply with the following standards or be subject to disciplinary action, up to and including termination of employment or withdrawal of an offer of employment:

1. Must have a minimum of two years of verifiable driving experience with the type of vehicle to be driven on the job.

2. Must have an acceptable Motor Vehicle Record Grading Score as outlined in the Motor Vehicle Record Policy.

3. Must have a valid driver’s license in the state of current residence, appropriate for the type of vehicle to be driven.

4. No convictions or citations for reckless driving or driving under the influence of drugs/alcohol within last three years.

5. Must be able to meet all physical health qualifications of the Federal Motor Carrier Safety Regulations (if applicable).

Any exceptions to the above guidelines must be referred to the Farmers Cooperative Co. Risk Management Committee for written approval.
Motor Vehicle Record Policy

It is a Farmers Cooperative Co. policy and requirement for employment that every employee position with driving duties requires a motor vehicle record (MVR) meeting the grading requirements stated below. This MVR policy applies both to drivers of company owned vehicles as well as employees using personal vehicles in the course of company business.

MVR's will be examined prior to the start of employment and at least annually thereafter. Any job offer made to an employee-candidate for a position with driving duties shall be contingent upon an MVR meeting the required standards; continued employment in a position with driving duties also requires an MVR meeting the standards outlined below.

The standards for MVR's are as follows:

1. All operators must have a valid driver's license for at least two years.

2. Drivers must be at least 18 years of age. A driver must be 21 years of age to haul hazardous materials.

3. New hire MVR's will be graded based on the MVR Grading Criteria table, as minimum requirements. New Drivers who have an unacceptable MVR can be brought to the staff or Risk Mgt committee for approval of restricted driving privileges. Only new drivers with acceptable MVR's will maintain the unrestricted driving privileges. All others will be reviewed by the Risk Mgt Committee or staff.

4. Driving records must remain “acceptable” or “clear,” as graded on the table below, for continued employment in positions with unrestricted driving duties. Any existing Farmers Cooperative Co. driver whose driving record moves to an “unacceptable” status will be considered on a probationary status. Any further moving violations or accidents occurring within the three-year evaluation period will be cause for removal as an approved driver or could result in termination. The unacceptable MVR's will be brought to the Risk Management Committee for further review of a restricted driving status.

Any exceptions to these guidelines must be referred to the Farmers Cooperative Risk Management Committee for written approval. The auto insurance carrier will be consulted on any/all MVR's not meeting the minimum criteria.
Motor Vehicle Record Grading Criteria

(Only last three years will be considered)

<table>
<thead>
<tr>
<th>Number of Violations</th>
<th>Rating</th>
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<tbody>
<tr>
<td>0</td>
<td>Clear</td>
</tr>
<tr>
<td>1</td>
<td>Acceptable</td>
</tr>
<tr>
<td>2</td>
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<tr>
<td>3</td>
<td>Acceptable</td>
</tr>
<tr>
<td>4 or more</td>
<td>Unacceptable</td>
</tr>
<tr>
<td>Any major violation</td>
<td>Unacceptable</td>
</tr>
</tbody>
</table>

A. Major Violations

List is not all inclusive

- Driving under influence of alcohol/drugs
- Failure to stop/report an accident
- Reckless driving/speeding contest
- Driving while impaired
- Making a false accident report
- Homicide, manslaughter or assault arising out of the use of a vehicle
- Driving while license is suspended/revoked
- Careless driving
- Attempting to elude a police officer
Vehicle & Equipment Usage Policy - Company Furnished Vehicles

Company vehicles & equipment are provided for business use only; however, occasional personal use may be permitted if the use has been pre-approved by the authorized employee’s supervisor. The company may withdraw the privilege of personal use at any time, without notice. The following rules apply to use of company vehicles:

1. Only the authorized Company employee (subject to verification of acceptable driving record as per Company’s Motor Vehicle Record Grading Criteria) may drive the company vehicle. No other family members or any other non-employees are allowed to drive company vehicles unless previously approved in writing by company management. The only exception to this is in emergency situations.

2. Never push or pull another vehicle with a company vehicle.

3. Safety belts must be worn at all times by all occupants of the vehicle. No exceptions. It's the law.

4. A company vehicle is not to be driven while under the influence of alcohol or any controlled substance.

5. Possession, transportation or consumption of alcohol or illegal drugs by anyone in the company vehicle is not allowed.

Any exception to these rules requires advance approval, in writing, by the Farmers Cooperative Co. Risk Management Committee. Violation of these rules will result in disciplinary action, from removal of driving privileges up to, and including, termination of employment.
Personal Owned Vehicle Used for Company Business

This policy applies to employees who drive their personally owned, leased or borrowed vehicles for company business.

Employees must abide by state law and be able to provide proof of auto insurance.

Farmers Cooperative Co. assumes no responsibility for any loss or damage to the employee's personally owned, leased or operated vehicle or any loss or damage to the employee's personal property while the employee is driving for company business. The employee must arrange coverage with their local insurance agent for these types of losses. Farmers Cooperative Co. maintains the right to make exceptions to this policy for special or extraordinary circumstances.

Use of Rental Vehicles on Company Business

Employee must adhere to this vehicle policy when driving rental vehicles on company business.

Employee and their passengers must wear personal restraints while the vehicle is in operation.

When entering into a rental contract for a vehicle rental, employees will waive any insurance or physical damage optional coverages offered by the rental vehicle company.

Employee will abide by all rental contract provisions and restrictions.
Vehicle Maintenance and Inspection Procedures for All Vehicles Used for Company Business

1. Drivers are responsible for ensuring the vehicles they drive are properly maintained. Do not depend upon company managers or maintenance personnel to detect problems with the vehicles you drive on a day-to-day basis.

2. Routinely inspect vehicle systems. Do not depend on mechanics to detect problems with any vehicle systems. Drivers operating commercial vehicles must comply with Federal Motor Carrier Safety Administration regulations. Make sure routine maintenance on these systems are documented on your maintenance log. Items that should be checked regularly include, but not limited to:

| Mirrors | Engine |
| Steering system | Horn |
| Tires/rims/wheels | Flaps |
| Windshields/windows | Lights |
| Reflector | Emergency equipment |
| Exhaust system | Suspension system |
| Air & electrical connections | Transmission |
| Fuel system/tank | Drive shaft |
| Defrosters | Signals |
| Cargo tie-down | Battery |
| Brakes and related components | Clutch |
| | Instruments/gauges |

3. Report all unsafe mechanical conditions immediately. If your vehicle is unsafe to drive, you should refuse to drive it until repairs have been completed.

4. Be sure to check the oil and tire pressure on a regular basis. Also, check turn signals, taillights, headlights, and horn. Never drive on bald or worn tires.

5. When you are changing a tire or performing other maintenance tasks, make sure you chock or block the wheels of the vehicle.

6. The interior of your vehicle must be kept clean and free of all bottles, cans and other litter.

7. Keep your windows and mirrors clean. Have broken or cracked glass replaced immediately.
Driver Responsibilities - Company Furnished Vehicles

Each driver is responsible for the actual possession, care and use of the company vehicle in their possession. Therefore, a driver's responsibilities include, but are not limited to, the following:

- Operation of the vehicle in a manner consistent with reasonable practices that avoid abuse, theft, neglect or disrespect of the equipment.
- Obeying all traffic laws.
- The use of seat belts and shoulder harness is mandatory for driver and passengers.
- Adhering to manufacturer's recommendations regarding service, maintenance and inspection. Vehicles should not be operated with any defect that would prevent safe operation.
- Attention to and practice of safe driving techniques and adherence to current safety requirements.
- Restricting the use of vehicles to authorized driver(s) only.
- Reporting the occurrence of moving violations, warnings, and any other citations.
- Accurate, comprehensive and timely reporting of all accidents by an authorized driver and thefts of a company vehicle to the claims@fccoop.com.

*Failure to comply with any of these responsibilities will result in disciplinary action up to and including termination of employment.*

Cellular/Mobile Phone Usage:

Please see the Cell Phone Policy 2012.
General Rules Of The Road

The following Rules of the Road must be obeyed at all times:

- All motor vehicle laws must be obeyed. Company Vehicles must be operated at legally permitted speeds appropriate to road, traffic and weather conditions.

- Occupants must always wear safety restraints. Infants must be secured in a child restraint seat placed in the back seat of vehicles. Children under 12 years of age cannot ride in the front seat.

- Defensive driving is required at all times. The 3-second safe following distance rule must be used.

- Headlights should be on at all times while driving in inclement weather.

- Driving while impaired (i.e., by consumption of alcoholic beverages, medications, or other controlled substances or drugs) is prohibited.

- Driving while fatigued is prohibited. For long trips, drivers should stop and take rest breaks at least every three (3) hours and make every effort to stop driving for the day before 11:00 PM. Drivers operating commercial vehicles must comply with Federal Motor Carrier Safety Administration regulations regarding rest and driving times.

- Doors must be locked while driving and when the vehicle is unoccupied.

- There must be a seatbelt available for each person traveling in a vehicle.

- Firearms or other weapons are not permitted in a Company Vehicle.

- Transporting hitchhikers or strangers is prohibited.

- Writing notes, map reading, eating and similar activities are allowed only when the vehicle is parked.
Driving in Adverse Weather

Many of the worst accidents happen in adverse weather conditions. If a driver feels that it is too dangerous to drive, Farmers Cooperative Co. will back their decision. If you are on the road in adverse weather, travel with extreme caution. If you need to pull off the roadway, do so at a location where your equipment is safe from the motoring public.

Illness or Fatigue

It is the policy of Farmers Cooperative Co. to not permit a driver to operate a motor vehicle when his/her ability and/or alertness is impaired by fatigue, illness or any other cause that makes it unsafe to begin or continue to drive the vehicle. Often our jobs are longer than a typical 8-hour shift. All drivers need to be sensitive to the need of fatigue prior to heading home after a job is completed. If necessary, the driver should get a hotel room.

Drivers should be alert to side effects of any prescription or nonprescription medication that may make them drowsy.

Passengers

The following may be passengers in FC vehicles:

1. Employees
2. Customers
3. Vendors
4. Authorized Personnel
Traffic Violations

Fines for parking or moving violations and warnings are the personal responsibility of the assigned operator. The company will not condone nor excuse ignorance of traffic citations that result in court summons being directed to itself as owner of the vehicle.

Each driver is required to report all moving violations to their supervisor within 24 hours. This requirement applies to violations and warnings involving the use of any vehicle (company, personal or other) while on company business. Failure to report violations will result in appropriate disciplinary action. Please be aware that traffic violations and warnings incurred during non-business (personal use) hours will affect your driving status as well and are subject to review.

Deductibles

Each Farmers Cooperative Co. business unit will be held accountable for their employee's accident costs associated with the use of company vehicles. For any preventable accident, as determined by the leadership team, the business unit will be required to participate in paying for the Company's insurance deductible or repair costs.

Alcohol and Drug Policy

1. All employees who are assigned company vehicles or regularly drive on company business are subject to random and unannounced drug testing and post-accident testing in accordance with the Company's drug and alcohol testing policy applicable to that driver. Any driver testing positive for any banned substance may be immediately terminated.

2. Any employee who: (1) is assigned a company vehicle or (2) is required to regularly drive on company business and receives a DUI citation from state, federal or local law enforcement officers is subject to disciplinary action up to and including discharge. This includes DUI citations received in personal vehicles while off duty.

3. At no time will alcoholic beverages or other controlled substances be allowed in company vehicles.

4. Prior to taking prescription medications, employees who regularly drive on company business must make their physicians aware that driving a vehicle is part of their job. In doing so, physicians can prescribe medications that will not cause drowsiness or other physical impairment.

5. Report all accidents immediately using the claims@fccoop.com e-mail address.
Driver Conduct at an Accident Scene and Proper Accident Investigation:

1. In the event of an accident: a) Move your vehicle off the road if it is creating an imminent hazard. Clear the roadway of all debris to prevent additional accidents, b) Place triangles and/or flares as required by law. c) Call for emergency vehicles and local law enforcement.

2. It is very important to watch your attitude at the scene of an accident. Even if you think you were not at fault, do not be arrogant; show anger or resentment, place blame or use threatening language. Be a little on the positive side of completely neutral. Choose your words carefully. Listen and obey the responding police officer. Do NOT admit fault or admit distraction at the accident scene - this will be the responsibility of our attorneys and our insurance company to ascertain.

3. Record the name and address of the owner, driver and all occupants of other vehicles. Get the driver’s license number(s) of driver(s) involved in the accident. If any one was injured, record where they were taken for treatment.

4. Take the name, address, and phone number of all eyewitnesses.

5. Diagram positions of the vehicles before and after the accident.

6. Check the damage to all vehicles and make notes for further reference.

7. Fill out and mail DOT accident report within 72 hours of accident. This form is usually provided by the investigating police officer.

8. Look around and be observant at the scene. Watch for things being tossed away from any vehicles. Watch for things tucked out of site by other persons. Do you see anyone placing items in their trunk? Do you smell gasoline? Do you smell alcohol? Listen to what the other parties are saying to each other and to the police. Is anyone acting in a way that seems strange or out of place?

9. DO NOT depend on law enforcement officers to get witness statements. Take the initiative to talk to those individuals who may have seen the accident. Do not "demand" information, but politely press for needed information. Get witness phone numbers, addresses, etc.

10. Obtain information on the police officer/patrolman such as name, badge number, rank, and precinct/district. Obtain telephone number and address to get a copy of the accident report.
Accident Reporting

ALL ACCIDENTS NO MATTER HOW MINOR MUST BE REPORTED

It is very important to report an accident promptly. Contact your facility supervisor or facility manager or claims@fccoop.com as soon as possible. Failure to report an accident regardless of size will result in disciplinary action, up to and including termination of employment.

Steps to follow:

1. Set your emergency brake.
2. Call for medical help. Dial 911.
3. Set reflectors, flares or flags.
4. Call the police. Get the name of the police officer and his department phone number.
5. Call your location to report the accident.
6. Get names, addresses, phone numbers, and license numbers of persons involved in the accident or possible witnesses.
7. Don't talk with anyone unless they can prove they represent you and Farmers Cooperative Co.
8. Be polite, especially to the police, but offer no opinion as to the cause of the accident.
9. Report all accidents immediately using the claims@fccoop.com e-mail address.
10. Post-accident Drug & Alcohol Testing

Accident Review Committee

All accidents will be reviewed by the appropriate leadership to determine the root cause and if the accident was PREVENTABLE.

The driver's statement, accident reports, police reports, witnesses' accounts, photographs, post-accident drug and alcohol tests and any other pertinent information will be used to determine whether or not the accident was preventable.

If the driver involved in the accident disagrees with the findings, the driver may appeal the decision to the Farmers Cooperative Co. Risk Management Committee.
Emergency Procedures

1. In the event of a mechanical failure, all effort should be made to clear the road. Move the company vehicle off the roadway as far as possible.

2. If the vehicle cannot be moved off the road, place flares or reflectors behind the vehicle at a distance of 200 feet from the vehicle. Emergency flashers should be activated immediately.

3. After placing emergency markers, driver should call a towing company to report the problem and request immediate assistance. Under no circumstances should driver delay in reporting the emergency. It is important to get the disabled vehicle off the road as soon as possible.

4. If the vehicle must be towed to a service center, make sure to remove or secure all valuable cargo and equipment from the disabled vehicle.

Guidelines for Preventing Accidents

It is more likely accidents will be prevented if drivers follow the following guidelines:

Intersections

Any individual who may operate a Farmers Cooperative Co. vehicle or their own personal vehicle while on Company business should approach, enter, and cross intersections prepared to avoid accidents that might occur through the actions of other drivers. A driver should take precautionary measures prior to entering the intersection.

Ahead

Regardless of the abrupt or unexpected stop of the vehicle ahead, drivers can in most situations, prevent rear-end collision by simply maintaining a safe following distance at all times. Drivers should also be prepared for possible obstructions of the highway, either in plain view or hidden by the crest of a hill or the curve of the highway.

Vehicle Behind

Drivers risk being struck from behind by failing to maintain a margin of safety in his own following distance. Drivers should avoid a roll-back, an abrupt stop at a grade crossing or when a traffic signal changes or failing to signal a turn at an intersection. Failure to signal intention or to slow down gradually should be avoided.
Passing

Remember that the entire passing maneuver is voluntary and the driver's responsibility. Drivers should consider all important factors that should be observed before attempting a passing maneuver.

Being Passed

Drivers may be able to avoid sideswipes and cut-offs involving a driver while being passed by slowing down or moving to the right where possible.

Oncoming

If an oncoming vehicle enters a driver’s traffic lane it may be possible to avoid a collision by slowing down, stopping, or moving to the right to allow the vehicle to re-enter the proper lane flicking your headlights or sounding your horn.

Fixed Objects

Collisions with fixed objects usually involve failure to check or properly judge clearances. The driver must be constantly on the lookout for conditions such as new routes, resurfaced pavement under overpasses, inclined entrances to docks, signs projecting over the traveled section of a road and similar situations and make the necessary allowances. The driver is responsible to know the height of the vehicle he/she is driving.

Pedestrians

Drivers should be on the lookout for an unusual route of a pedestrian at a mid-block or from between parked vehicles. Whether speed limits are imposed on the area or not, drivers should not drive too fast for conditions. School zones, shopping areas, residential streets, and other area with special pedestrian traffic should be traveled at reduced speeds and drivers should be on the lookout for young and inexperienced operators operating bicycles, motor scooters, and similar equipment.

Private Property

When a driver is expected to make pick-ups or drop-offs at unusual locations or on driveways not built to support heavy vehicles, it is his/her responsibility to discuss the operation with the property owner and obtain permission prior to entering the area.
Non-Collision

Many accidents, such as overturning or running off the road, may result from speed too fast for conditions, or other factors and could be avoided.

Failure to Adjust for Conditions

Adverse weather conditions such as rain, snow, fog, sleet, or icy pavement increase the hazards of driving. Drivers must adjust driving to the weather conditions.

Progressive Disciplinary Policy

Safety is everyone’s business. Violating safety rules, laws and practices will result in Farmers Cooperative Co.’s management taking action to re-evaluate and/or re-educate drivers to reduce accident frequency and severity.

Accident involvement will be subject to review by management. The review will determine whether progressive disciplinary action, up to and including termination of employment will be administered for the occurrence.