



VT INDUSTRIES, INC.  
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## ***Travel Policy***

### ***Purpose/Scope***

Travel and Expenses (T&E) are a significant cost of doing business. This document's purpose is to provide uniform procedures to be followed by all employees of VTI, Inc. regarding the creation, reporting, reimbursement and auditing of business-related travel and entertainment expenses.

### ***Policy***

VTI's policy is based on the premise that business travel and reimbursable business expenses should be conducted at a reasonable cost. VTI policy is to reimburse employees who incur travel and entertainment expenses that are deemed ordinary and necessary for the conduct of VTI business. Employees are expected to be conservative in their spending and mindful of the type of expense and establishments at which these expenses take place. Managers are expected to be diligent in their review of business expenses and ensure that their team members exercise our values when entertaining fellow team members or customers. The success of this policy in efficiently controlling costs is dependent upon the good judgment and stewardship of each employee.

It is understood that, at times, exceptions to this policy may be justified. Good business judgment should be applied and the appropriate level of management, as defined by this policy, must approve any exceptions.

VTI assumes no obligation to reimburse individuals for expenses that are not in compliance with this policy. Furthermore, non-compliance with the policy may subject individuals to revocation of their corporate credit card, legal action and/or disciplinary actions, which may include termination of employment.

### ***Scope and Responsibility***

This policy applies to all employees of VTI, its subsidiaries and affiliates.

Employees are expected to be conservative in their spending and managers are expected to maintain effective oversight of employee spending. Employees and managers are jointly responsible for:

- being familiar with this policy,
- ensuring that expenses are incurred and reported in accordance with this policy and
- properly substantiating all expenses.

### ***Procedure***

#### **I. Business Travel Expenses**

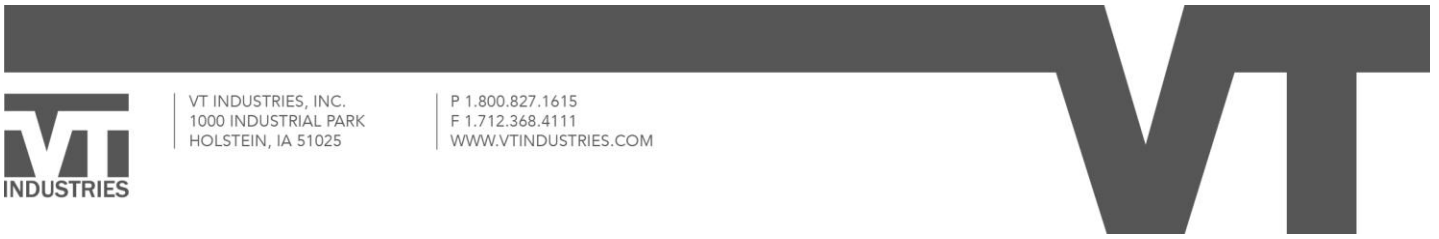
- **Authorization**

Employees are responsible for obtaining authorization from the appropriate manager prior to



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incurring business travel expenses. Except as provided below, the exact form of authorization will be determined by the approving manager.

- Travel Arrangements

All air, hotel and car rental arrangements are to be made through the Concur on-line tool (refer to Appendix B for details). While it is recognized that there may be occasions when the use of the authorized travel agent is neither possible nor expedient, every effort should be made to do so. Reservations made through any other source will result in the loss of vendor rebates/commissions, negotiated rates and management information necessary to negotiate future favorable rates. Additionally, in case of emergency or crisis, information provided by the travel agency would be critical in locating VTI employees.

- Corporate Credit Card

Subject to their manager's approval, a corporate credit card will be issued to employees who are expected to regularly incur business expenses.

This credit card is to be used for business purposes only and only by the employee. It must be used for all company travel expenditures, including airline tickets, lodging arrangements, meals, car rentals and other miscellaneous reimbursable travel and business expenses. Personal cards are not to be used for company travel expenses and these expenses will not be reimbursed by the company absent approval of divisional or functional leadership.

Human Resources and the employee's manager are responsible for retrieving cards from the employee when the employee terminates or otherwise ceases to need the card.

- Cash Advances

Company issued cash advances are not available.

- Air Travel

Employees are expected to book all air reservations through the Concur on-line tool and are expected to accept the "lowest reasonable fare" (considering fare, route, non-refundability, etc.) recommended by the agency.

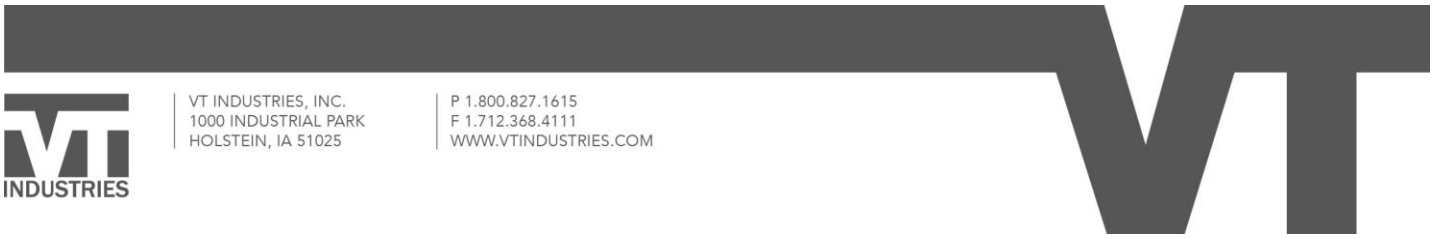
VTI has corporate agreements with preferred carriers that afford the Company discounted rates and potential savings. The travel agency will assist the traveler in examining alternative routings, airports and airlines. These preferred carriers should be the first option when traveling and will be recommended by the Concur on-line tool.

If the traveler chooses to stay over additional nights in order to obtain a more favorable airfare, the Company will reimburse normal lodging, meals and transportation costs



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necessary to achieve the savings. However, a net saving to VTI must be realized and the employee must obtain prior approval from his or her manager.

Coach/Economy class must be booked for all domestic travel. Business class air travel is allowed for international travel where the published flight duration exceeds five hours. Any upgrades beyond these classes are at the personal expense of the traveler.

If a trip is cancelled, the employee is responsible for contacting the travel agency to cancel the trip prior to flight departure.

Other air travel related expenses are addressed as follows:

- Not reimbursable: alcohol drinks on plane, air-phones, movies or Wi-Fi on plane, airline club memberships, travel or baggage insurance, books or magazines
- Reimbursable: Baggage fees and airport internet or hotspots
- Automobile Use

Anyone driving a vehicle on Company business is required to have in their possession a valid driver's license in their state of residence.

Rental Cars – Employees are expected to book all car reservations through the Concur on-line tool and are expected to accept the “lowest reasonable rate” recommended by the agency.

A mid-size car is the standard classification offered. If more than 2 employees are sharing a car, it is permissible to rent a larger vehicle to accommodate the additional passengers. Rental cars must be refueled before returning the car and no additional insurance should be taken. The rental rates negotiated with the preferred rental agency include liability insurance coverage in the rates.

Other means of ground travel (taxis, public transportation) should be investigated and used, if more economical, for shorter trips.

Personal Cars – An employee's personal car may be used to conduct company business. The Company will reimburse at the published IRS mileage rate plus associated expenses such as tolls and parking. In no instance should the reimbursement for a personal car exceed



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the equivalent cost of other travel means to that destination (i.e. - air, rail, etc.). The employee should only include those miles that are in excess of his or her ordinary daily commute.

All employees who use their personal automobile for Company business, whether on a regular or occasional basis, are required to carry liability insurance that is in accordance with state requirements.

### Parking

Reasonable parking expenses will be reimbursed based on actual expenditures when required.

When considering parking at airports, other means of ground travel (taxis, pre-negotiated limo services) should be investigated and used, if more economical than parking expenses, for longer trips. Economy parking lots (or long-term parking when available) should be used at airports when travelling for more than three days.

- Hotel

Reasonable lodging expenses will be reimbursed based on actual expenditures when overnight stays are a necessary part of business travel.

Employees are expected to book all hotel reservations through the Concur on-line tool in standard rooms. Corporate discounts are negotiated based upon usage; therefore, the preferred hotel recommended by the travel agency or the least expensive rate should be utilized whenever possible. Exceptions include special rates in conjunction with an event that the employee is attending. When a preferred hotel is not available, the Concur on-line tool will suggest an option with a similar grade of hotel.

The travel agency through Concur will arrange for guaranteed late arrival unless instructed otherwise. It is the responsibility of the employee to contact the hotel or travel agency when there are changes that affect the guaranteed room reservation.

Other hotel related expenses are addressed as follows:

- Not reimbursable: foods or drinks from minibar, room movies, health club or hotel memberships
- Reimbursable: internet service, food delivery when eaten in room, room service when available (within spending limits), parking or resort fees at the hotel

The hotel receipt that breaks down each individual charge must be submitted with the expense report.



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- Meals

Personal Meals while Traveling - The Company will reimburse employees for personal meal expenses incurred while traveling on company business, provided such expenses are reasonable and appropriate. Reimbursement will be on the basis of actual costs including taxes and tips.

Business Meals - Costs for business meals will be reimbursed if incurred in the process of meeting customers or prospective customers or other non-company employees with whom a necessary business relationship can be substantiated.

Company (Employee/Employee) Meals - Business meals involving company employees, such as team lunches, are reimbursable.

Reporting of Meals – Meal costs in excess of \$25 must be documented with a restaurant cash register and/or credit card receipt. Handwritten tear tab receipts alone are not acceptable. The most senior employee in attendance should pay the bill and submit for reimbursement.

To comply with IRS regulations, the following information must be included on the expense report for all meals:

- Name, title and company of all attendees
- Name and location of establishment where meal took place
- Amount and date of expense
- Business purpose and/or business discussion

- Alcohol

The consumption of alcohol at business meals should be reasonable and appropriate and should not exceed two drinks or combination of drinks and glasses of wine. As business meals are company functions, we will retain our core values of personal conduct in all cases.

- Miscellaneous Travel Expenses

Other reasonable and customary business-related travel expenses will be reimbursed. The following are examples of reimbursable expenses:

- Tips - The dollar amount of tips should be restricted to amounts prudently spent for tips to porters, bellhops and other attendants. It is acceptable if a receipt is not available for tips.
- Laundry will be reimbursed if the period of travel is for more than one week (5 business days).

## II. Business Expenses

- Business Entertainment



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Entertainment expenses that are ordinary and necessary and are directly related to or associated with conducting business are reimbursable. Employees should exercise good judgment regarding entertainment expenses and the expenditures should not be extravagant or lavish. In order to meet IRS eligibility requirements, the employee must be able to show:

- there is more than a general expectation of receiving some income or other specific Company benefit (other than goodwill) at some future time,
- that the employee did engage in business with the person being entertained during the event, and
- that the main purpose of the event was business, or that new business was being sought, or an established business relationship was being maintained

IRS regulations require the following information to be included on the expense report as support for entertainment expenses:

- Name and company of all attendees
- Name and location of establishment where event took place
- Amount and date of expense
- Business purpose and/or business discussion

## B. Business Gifts

Gifts to external business associates under the conditions outlined below are reimbursable:

Gifts to one individual during a year may not exceed \$100 without senior executive (defined as directly reporting to the Chief Executive Officer or President) approval. IRS regulations limit the deductibility of such gifts to \$25 per year per individual; therefore, any amounts over the \$25 threshold must be separately categorized as "non-deductible" for income tax purposes.

The following items are not considered to be gifts included in the above limitations:

- An item costing \$4.00 or less on which the Company name is imprinted, and which is one of a number of identical items distributed generally (pencils, pens, etc.).
- Signs, displays racks or other promotional material.
- Incidental costs such as engraving, packaging and delivery are not included in the gift amount.

The purpose of the gift and the business relationship of the recipient must be included in the employee expense report.

Political contributions are not reimbursable.

Gifts to employees, their spouses or family members are not reimbursable on the travel and entertainment card. Prizes and promotional awards to employees should not be included on a travel expense report but should be paid through use of the purchasing card or other funds.



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In the course of business activities, those persons who are not employed by the Company or its subsidiaries and affiliates are considered to be "external business associates."

### C. Memberships

Expenses associated with memberships, program attendance and leadership roles in professional, business, civic and trade organizations can be reimbursed at the manager's discretion. The decision to reimburse should be influenced by its benefit to the Company, the development opportunity for the employee either in that discipline or as a leader, the individual's performance, time away from the job and budget constraints.

### D. Other Reimbursable Items

Subscriptions - The Company will provide reimbursement for authorized subscriptions to periodicals and technical or scientific publications serving a business purpose, at the manager's discretion.

Foreign Currency Transaction Fees – Any costs associated with foreign currency fees when traveling out of the country for business purposes.

Other Reimbursable Expenses - The cost of registration for seminars, conventions, conferences and training for which employees have been authorized to attend by their manager is reimbursable.

### E. Non-Reimbursable Items

Credit Card Fees and Charges - Costs of credit cards obtained by employees other than the approved corporate credit card are not reimbursable. Late payment charges on corporate credit cards are also not reimbursable.

Fines - Fines for traffic or parking violations incurred by employees traveling by automobile (personal, rental or Company-owned) on Company business are not reimbursable.

Personal Entertainment and Personal Items - The Company will not reimburse for personal entertainment expenses or other personal expense items that might be incurred while traveling. Such expenses include books, newspapers, magazines, personal grooming, shoeshines, movies, plays, sporting events, etc.

Travel Insurance - The cost of travel insurance is not reimbursable.

Airline Club Membership - The cost of airline club memberships is not reimbursable.

### F. Reimbursement Chart

The Reimbursement Chart (attached as Appendix A) gives specific examples of reimbursable and non-reimbursable items and provides additional information.



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### ***III. Reporting***

- Expense Reporting

Expenses covered by this policy are to be reported on a monthly basis using the online expense system. The same system will route online expense reports for electronic approval.

Reimbursement for out of pocket expenses due to employees will be processed through the same online system and will be made only via direct deposit. Employees must sign up for Direct Deposit to be reimbursed for out of pocket travel expenses.

Expense approvals are based on the established delegation of approval levels as documented in the Delegation of Authority Policy. Expense reports cannot be split to circumvent the delegation of approval limits and should be approved based on total spend.

Personal use of the corporate credit card is not authorized. If, out of necessity or accident, the card is used for personal purposes, the charges must be identified as personal in the employee's expense report. These personal charges will be deducted from the employee's payroll to reimburse VTI since the Company pays the full amount due on the corporate credit card.

A detailed description of the business purpose must be provided for all expense reports and also for all business group meals, meetings and entertainment.

Original receipts are encouraged for all expenditures and are required for all expenditures greater than \$25. Handwritten tear tab receipts alone from restaurants are not acceptable.

The travel agency's itinerary sheet must be submitted with the expense report.

Consultants receiving payments for services and expenses under contract are not employees and therefore they may not file expense reports. Consultants include retirees, other former employees, casual hires, agency personnel, etc. These persons should provide invoices for their services and expenses in accordance with contract terms and conditions. Only in emergency situations where advanced planning arrangements are not possible, may an employee pay for and include transportation costs of consultants on the employee's expense report. In such instances, the circumstances should be properly explained on the expense report.

- Expense Reporting Responsibility

The employee claiming reimbursement and the approving manager are jointly responsible for being familiar with this policy and ensuring that expenditures are incurred and reported in accordance with this policy.

#### Appendices

- Reimbursement Chart
- Travel Guide





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## Appendix A – Reimbursement Chart

Reimbursable		Expense Item	Exception or Comment
Yes	No		
X		Advance purchases such as airline tickets or convention registrations	Airline ticket stub or supporting documentation for other expenditures must be submitted with expense report.
	X	Baby-sitting	
	X	Briefcase	
	X	Business cards	Order through your administrative assistant.
	X	Cameras; calculators or office machines	If approved Company equipment, should be paid via Procurement Card.
	X	Checking account fees/charges	
	X	Clerical or typing services by spouse or relative	
	X	Clothing	Unless job required due to weather/safety conditions.
	X	Employees' retirement, termination, transfer, etc. gift and festivities	
	X	Flowers; greeting card; fruit gifts; or Secretaries Day gifts	Should be purchased on Procurement Card.
	X	Holiday parties	
X		Internal interviews	
X		Interplant mileage	
	X	Lost or stolen luggage, clothing, etc.; damaged clothing, etc.; or damage to personal auto	Consult Company and/or personal insurance.
X		Luncheon/dinner costs, staff meetings	



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X		Professional / Business Memberships	
	X	Personal credit card fees, charges	Other than corporate credit card
	X	Pet or lawn care	
X		Service charge, business connected travelers' checks	
	X	Service charge - canceled reservations	Unavoidable circumstances only.
X		Subscriptions	If business related and approved by manager.
	X	Supplies, forms, books	Unusual circumstances only.
	X	Tickets for employees to sporting events or other entertainment events	With the exception of non-pay recognition awards and customer entertainment.

**Appendix B – Travel Guide**

**Travel Agency**

**Direct Travel**

ConcurSolutions.com

**AFTER HOURS EMERGENCY ASSISTANCE CALL 475-209-5005**

**OUTSIDE THE U.S. CALL COLLECT 877-244-5698**