



Day & Zimmermann

We do what we say.®

Policy: Business Travel

Policy No.: 1306

Responsible Officer: Senior VP Finance and CFO

1.0 Scope

The Day and Zimmermann Group, Inc. and its subsidiaries and affiliates.

2.0 Purpose

The purpose of this Policy is to provide guidelines for reimbursement of travel and entertainment (T&E) expenses incurred during the conduct of company business. It is company policy to reimburse employees for ordinary, necessary and reasonable travel expenses when directly connected with or pertaining to authorized transactions of company business. Employees are expected to exercise prudent business judgment regarding expenses covered by this Policy.

Employees should keep in mind that the overall philosophy guiding this Policy is to ensure that an employee neither loses nor gains financially as a result of traveling or entertaining on behalf of the Company.

3.0 Policy Guidelines

3.1 Travel Arrangements

3.1.1 Travel Agency

All air, lodging and car rental reservations, including in-route changes, must be booked either online through Travelink Cliqbook service, or by calling a Travelink Agent.

TRAVELINK, An American Express Travel Representative
Attn: Mike Viars
402 BNA Dr., Bldg. 100, Suite 303
Nashville, TN 37217

Local
1500 Spring Garden Street
10th Floor
Philadelphia, PA

One travel agent will reside on the 10th floor of the Day & Zimmermann's Corporate headquarters.

(215) 299-5600
(800) 278-0167

See Policy 1318, Inter-Division Services, for exceptions.

3.1.2 Group and Meeting Travel

Travelink is an authorized source for arrangements for group travel. Any department planning to sponsor group travel involving 10 or more participants should identify the event to Travelink to ensure that available negotiated discounts are applied.

Day & Zimmermann also uses Gray Consulting International for meeting planning services including site selection, attendee management and on-site support. Any department planning to sponsor a conference or meeting involving 10 or more people should identify the event to Gray Consulting International (215-413-7886).

3.1.3 Traveler Profile Forms

Any employee who expects to travel at least once per year should submit a completed traveler profile form to Travelink, either online or in person, to ensure that pertinent details and preferences are adhered to in the reservation process.

3.1.4 Enforcement

Reservations made through any other source is a violation of policy and may cause the Company to lose valuable management information, special rates and anticipated funds from its financial arrangement with Travelink. Reservations made through alternate sources require the authorization of a corporate officer or risk delayed, partial or forfeited reimbursement.

3.1.5 Travel Advances

Travel advances are only permitted on an exception basis depending on business needs. Employees issued travel advances must account for the advance spent. A Travel Expense Report, prepared in accordance with section 3.10 and approved by the employee's immediate supervisor, must be submitted within five business days after the expenses were incurred, or the employee is expected to reimburse the Company for the travel advance provided.

3.1.6 Economy in Business Travel

Economy on behalf of the Company and its customers is a priority in all respects of business travel. Unless other customer requirements make economy a secondary consideration, the following guidelines will be observed:

3.2 Air Travel

3.2.1 Air Travel - Class of Service

All employees are expected to travel coach class. Any exceptions to this guideline will require approval by the employee's respective Leadership Council member.

3.2.2 Lowest Available Airfare

Travel should be planned in sufficient time to gain benefits of discounted rates whenever possible. All airline tickets must be booked at the lowest available airfare as determined by Travelink (staying over Saturday night may provide additional discounts providing the costs incurred for the extended stay does not exceed the savings from the Airfare). The following criteria will be utilized to determine the lowest available airfare:

- The flight's departure or arrival time is within one hour before or after the requested departure or arrival time.
- One stop or connecting flights may be required if savings of \$200 or more can be achieved.
- Lowest available airfare applies.

Charter flights may be used if customer locations are impractical to reach otherwise. For customer-reimbursable travel, the lesser of the following will be allowed (unless customer requirements differ).

- The cost of a commercial flight (usually lower).
- The prorated portion of the charter cost attributable to billable employees.

3.2.3 Frequent Flier Programs

Traveling employees may retain frequent flier program benefits. However, participation in these programs may not result in an incremental cost to the Company beyond the lowest available airfare as defined above.

3.2.4 Payment and Documentation

Airline tickets must be charged to the employee's own charge card or employee held corporate charge card. Any exceptions to this guideline (i.e. infrequent travelers, contract employees) will require approval from the employee's immediate supervisor. The locations that have been issued American Express BTA cards can use the cards for purchasing airline tickets for infrequent travelers or contract employees.

Electronic Ticket (E-Ticket)

Employees are required to fill out an expense report form listing the ticket cost. Attached to the expense report must be either the passenger receipt of the electronic ticket or the itinerary. The documentation should reflect the cost of the ticket and the method of payment.

Paper Ticket

The employee must attach the original passenger coupon of the airline ticket to the expense report.

Advance Purchase Airline Tickets

For airline tickets purchased in advance through Travelink, an expense report may be submitted prior to the date of the trip using the following procedure:

- Fill out an expense report form listing the ticket cost. An original Travelink itinerary/invoice must be attached along with proof of payment.
- When travel is completed, fill out an additional expense report form listing your other travel expenses. Do not list the ticket cost, but do indicate that the airline ticket has already been expensed.
- Along with the other receipts, the original airline passenger receipt must be attached.
- Use the same week ending date on both expense reports, or if using the electronic expense report process, reference the same trip dates in the memo field.

3.3 Lodging

3.3.1 Hotel Selection

Travelink negotiates preferred rates with certain hotels. Employees are encouraged to utilize these hotels whenever feasible. A listing of preferred hotels is available from Travelink for all traveling employees. In destinations where negotiated rates are not available, Travelink will recommend moderately priced hotels.

3.3.2 Room Type

A single room with a private bath in a moderately priced, business class hotel or motel is the corporate standard. Reimbursement for suites or luxury accommodations requires written permission from the employee's immediate supervisor and from the next higher level of management prior to incurring the expense. Travelink may be able to negotiate lower hotel rates.

3.3.3 Cancellation

All rooms will be guaranteed for late arrival. Employees must cancel the room reservation in correlation with the hotel's cancellation policy to avoid no-show charges. Hotel policies vary from 72-hour notice to day-of-arrival notice. Confirmation of individual hotel policies can be obtained at the time of reservation. Cancellations can be made by calling Travelink. If the cancellation is made directly with the hotel, employees should request and retain a cancellation number as documentation of the transaction and notify Travelink. No-show charges are not reimbursable unless approved by the appropriate department head.

3.3.4 Payment and Documentation

Lodging charges are to be charged to the employee's own charge card or the employee held corporate charge card or BTA card. Phone charges for business calls should be charged to the employee's company issued Blackberry or cell phone. If the employee does not have access to a company cell phone, an alternative method would be to use the AT&T calling card for phone charges. Both lodging and phone charges should be reported on company-approved expense report forms. The hotel folio bill showing the method of payment is the required documentation for reimbursement. If method of payment is not listed, a copy of the employee's credit card statement can be accepted.

3.4 Car Rentals

3.4.1 Usage

Employees should rent cars only when other means of transportation are unavailable, more costly or impractical. The use of a rented car must be justified as a business need and not as a matter of personal convenience. The recommended size is an intermediate; however, the size of the car should be based on the number of people traveling or specific circumstances. Reservations should be made through Travelink.

3.4.2 Car Rental Insurance

For rentals within the continental United States, optional insurance coverage is not reimbursable because the Company has pre-arranged for such coverage with approved car rental agencies. When renting a vehicle outside the continental U.S., optional property casualty insurance should be purchased from the rental car company and is reimbursable to employees.

3.4.3 Refueling

Employees should refuel rental cars prior to returning them to the vendor. Employees should not accept the “pre-paid fill-up” option.

3.4.4 Sharing

Employees should share the rented car when two or more employees are visiting the same location.

3.4.5 Payment and Documentation

Car rentals are to be charged to the employee’s own charge card or employee held corporate charge card and must be documented on expense reports with the original car rental contract.

3.5 Other Transportation

3.5.1 Personal Car

Employees may utilize personal cars for business travel only when other transportation is unavailable or circumstances dictate otherwise.

Reimbursement for use of an employee’s personal car for business purposes will ordinarily be based on the IRS guidelines for mileage cost allowed. The Accounting & Finance Department will issue annually a directive describing the current company allowable mileage rate and procedures.

3.5.2 Parking

Parking should be in long-term or equivalent facilities at airports and similar locations. All parking facilities should be selected with economy in mind.

3.5.3 Rail

All rail transportation in the U.S. should be in economy class. Employees may travel first-class internationally only if economy class represents a hardship. Sleeping accommodations, when necessary, are limited to a roomette or equivalent.

3.5.4 Taxi and other Local Transportation

The cost of taxis to and from places of business, hotels, airports, or railroad stations in connections with business activities is reimbursable. Use of taxis is authorized only when more economical services are not feasible (hotel vans, shuttles, etc.). Employees are encouraged to utilize public transportation whenever possible. Receipts are required for all transportation expenses in excess of \$20.00.

3.6 Meals and Entertainment

3.6.1 Business Meals

Business Meals are those meals taken with clients, other non-company individuals, or coworkers during which a business discussion takes place.

3.6.2 Entertainment Expenses

Entertainment Expenses include the costs associated with nightclubs, theater and sporting events when a business discussion takes place immediately before, during or immediately after the event. The employee's immediate supervisor should approve entertainment expenses in advance. See Policy 1306-4 Giving and Receiving Gifts, Meals and Entertainment.

3.6.3 Non-Government Business Associates

With business associates who are not government employees, reasonable meal and entertainment may be exchanged without any expectation of favorable treatment by anyone. See Policy 1306-4 Giving and Receiving Gifts, Meals and Entertainment.

3.6.4 Travel Expenses of Non-Government Employees

Travel expenses of suppliers, customers or business partners who are not government employees may be paid for or reimbursed by the Company when doing so would be considered reasonable and customary in the relevant market and industry. Such expenses should be approved in advance by the appropriate supervisor. See Policy 1306-4 Giving and Receiving Gifts, Meals and Entertainment.

3.6.5 Expenses Involving Political Candidates and Public Officeholders

Travel, lodging and entertainment expenses involving political candidates and public officeholders must be authorized in advance by appropriate management in consultation with the Law Department. See Policy 1306-4 Giving and Receiving Gifts, Meals and Entertainment.

3.6.6 Per Diems

Where the use of per diems are required by the customer or authorized by the business unit, all applicable company and IRS procedures must be followed.

3.6.7 Payment and Documentation

A receipt attached to the expense report must support all meal and entertainment expenses in excess of \$20.00. The employee's charge card or employee held corporate charge card receipts, along with computer generated restaurant receipts, are the preferred form of documentation. Employees should use a charge card to pay for meal expenses whenever possible. Tear tab receipts are not acceptable documentation for meal and entertainment expenses.

3.6.8 IRS Requirements

To be in compliance with IRS regulations, the following information must be included on employee expense reports as support for all business meals and entertainment expenses. (The attached Business/Entertainment Support Record should be used if there is insufficient space on the back of the expense report).

- Name, title and company of all attendees.
- Name and location of the establishment where the event took place.
- Amount and date of expense.
- Specific business topic discussed.
- In the event of entertainment expenses, the specific time the business discussion took place (i.e. before, during and/or after the event).

*Failure to comply with IRS reporting requirements may result in a loss of expense deductibility to the company and to unforeseen tax liability to individuals.

3.8 Spouse Travel

Travel expenses for a spouse are not reimbursable as a business expense unless it can be shown that the spouse's presence was both essential and directly related to the effective accomplishment of the business. In these instances, the employee must obtain advance approval from the appropriate Leadership Council member.

3.9 Payment Methods: Personal Charge Card/Corporate Card

3.9.1 Usage

The Company encourages all traveling employees to use their own charge card or employee held corporate charge card for payment of T&E expenses. Employees are expected to minimize their usage of cash for reimbursable expenses. The advantage to employees of using personal charge cards can include:

- Receipt of additional frequent flyer miles.
- Cash back bonuses.
- Credit towards the purchase of cars and other merchandise.

The Company utilizes the American Express corporate card system. Corporate cards are intended for business use only and may not be utilized for personal expenses.

3.9.2 Issuance Criteria

All employees expected to travel at least once per year, or incurring at least \$500 per year in local expenses, may apply for a corporate card if they cannot utilize their own personal charge card. Corporate card applications are available from the Accounting & Finance Department at 215-299-8271.

3.9.3 Billing and Payment

American Express will send monthly invoices directly to the employee. Employees are expected to utilize reimbursement received from the expense reporting process to pay their corporate card invoices in **FULL** each month. Employees who use their corporate cards for personal expenses, or allow their corporate cards to fall into delinquent status risk suspension or cancellation of charge privileges. Employees who lose their corporate card charge privileges will not have compensatory access to incremental cash advances or to any company billing mechanism.

The Company reserves the right to forward approved expense reimbursements directly to American Express on behalf of any employee who allows their account to fall into delinquent status. These expense reimbursements will be forwarded on your behalf until the corporate card account is paid in full.

3.10 Expense Report Processing

If your department uses the electronic travel and expense report system, your expense reports are required to be submitted through MySelfService-My Expenses; see your local office manager for training and assistance. All other employees may use the Expense Report Form.

3.10.1 Documentation

Original receipts are required for any expenditure in excess of \$20.00. All receipts are to be attached, along with the expense report, as one PDF file.

3.10.2 Time Frames

Travel is to be reported on expense report forms within five business days after the expenses were incurred. Any expenses submitted that are more than 90 days old will not be processed for reimbursement unless approved by the appropriate department head.

3.11 Authorization

3.11.1 All expense reports must include one of the following from an approver with designated approval authority:

- a) A hand written signature from a supervisor
- b) An electronic approval
- c) An email containing approval

Approval authorities are expected to audit expense reports for accuracy and compliance with this procedure.

3.11.2 When more than one employee is present at a meal or entertainment event, the senior most employee should accept responsibility for the bill. It is recognized that this may not be possible in some situations. As such, the expense report for such an event must be approved by the supervisor of the employee paying for the expense. The approving supervisor should be someone who was not present at the event and does not report directly or indirectly to any individual present at the event.

The purpose of the above guideline is to ensure that the expenses are approved by a person who can provide independent and objective judgment on the appropriateness of the expensed event.

NOTE: This guideline is not applicable for a senior employee from a business unit or Corporate function attending a pre-planned event at a field location as a guest (e.g. A Leadership Committee member attending an employee recognition ceremony or a celebration of a business milestone at a field location).

3.12 Reimbursement

The Accounts Payable Department processes expense reports within seven business days of receiving properly approved expense reports.

3.13 Other Non-Reimbursable Expenses

- Meals between employees of the same location not including the following:
 - ❖ Meals served at Company arranged meetings and events
 - ❖ Meals between employees of the same location during a business trip
- Gifts to employees for occasions such as Christmas/Holiday, Birthday, Administrative Assistant or Secretaries Day
- Holiday party
- Fines for parking and traffic violations while driving on company business
- Personal items purchased during business trips such as newspapers, toilet articles, over the counter drugs and tickets for entertainment and side trips
- Mileage to and from office on weekends or holidays except when such trips to the office are requested by the employee's manager
- Air travel insurance and other personal trip insurance
- Barber/hairstyles, manicurist, masseur, shoe shine
- Laundry and dry cleaning services (For business trips of less than five consecutive business days)
- Purchases of clothing or baggage
- The cost of recreation and entertainment including side trips, tours and transportation while on business trips
- Baby-sitting fees
- Memberships in airline and hotel clubs
- Charge card membership fees
- Personal property lost or stolen while on business
- Car wash, repairs and maintenance for owned or rented cars
- Personal medical expenses (these are covered under the individual's Medical Insurance Plan)
- Pet sitting fees
- Gifts or donations to charity (Such donations are to be processed using Requests For Charitable Contribution Approval Form available on mydayzim.com)
- Subscriptions for magazines
- Expenses for meals eaten alone without an overnight stay

4.0 RESPONSIBILITIES

4.1 Company employees who incur T&E expenses are responsible for submitting expenses that are in compliance with this Policy. Employees submitting expenses that are not in compliance with the guidelines herein risk delayed, partial or forfeited reimbursement. Cases of abuse may result in disciplinary action, including termination of employment with the company.

4.2 Supervisory/Managers with pre-established approval authority are responsible for assuring that all guidelines detailed herein, as well as applicable Business/Staff Unit policies, are adhered to prior to approving employee expense reports.

4.3 The Chief Financial Officer is responsible for the development and maintenance of these guidelines. Travelink is responsible for reinforcing travel policy and procedures when making company travel arrangements. Leadership Council members and their managers are responsible for the enforcement of this Policy within their respective organizations.

5.0 RELATED DOCUMENTS

1301 - Corporate Financial Services

1311 - Tax Reporting

1318 - Inter-Division Services

1327 – Procurement Card Policy & Procedure