

Global Travel and Entertainment Policy

Purpose

The purpose of this policy is to establish the responsibilities, authorization limits and guidelines for travel and entertainment expenses.

Scope

This policy applies to all of locations and divisions of the Company.

Table of Contents

1.0	FRAUD	3
2.0	POLICY PRINCIPLES	3
3.0	RESPONSIBILITIES.....	4
3.1	All Employees.....	4
3.2	Managers/Approvers.....	4
3.3	The Finance Department (Global Disbursements & Travel).....	4
3.4	The Travel Coordinator	4
3.5	Authorization	4
3.6	Delegation of Authority.....	4
4.0	POLICY PRACTICE STATEMENT	5
4.1	Designated Travel Agency	5
4.2	Preferred Suppliers	5
4.3	Corporate Credit Card.....	5
4.4	Expense Report.....	5
4.5	Allocation of Expenses.....	5
4.6	Receipts	5
4.7	Employees Traveling on Business Together	6
4.8	Exchange Rates	6
4.9	Air Fare.....	6
4.10	Ground Transportation	7
4.11	Meals.....	9
4.12	Accommodations.....	9
4.13	Entertainment.....	9
4.14	Employees.....	10
4.15	Insurance.....	10
4.16	Communication	10
4.17	Laundry	10
4.18	Tipping and Gratuities	10
4.19	Meetings.....	11
4.20	Non-Reimbursable Items	11

Approvals

Title	Department	Title	Department
Travel Office	Travel Office	Director - Finance	Finance
Director - IS	IS		

Change History

Issue	Date	Description
1R01	01-Mar-89	First release of this document.
1R02	15-May-90	Reflects rewrite of guidelines and definitions.
1R03	19-Dec-91	Reflects changes to the authorization policy and restrictions on air travel.
2W01	12-Mar-93	Major revisions throughout document.
2R01	22-Mar-93	Changes throughout document.
2R02	01-Apr-97	Significant changes throughout document.
3	01-Oct-98	Changes made to adopt best practices related to the management of travel and entertainment expenses.
4	30-Nov-01	Supercedes MTF10023. Revisions to reflect company split. Amendments throughout document.
5	27-Sept-02	Reflects changes to restrictions on air travel, and revisions to reflect centralization of Accounts Payable into Global Disbursements.
6	10-Aug-04	Reflects changes to section 5.1 restrictions on air travel for EMT members.
7	1-Mar-06	General rewrite to reflect current practice. Update to global Word template.

References

Document No	Document Title
	Extended Business Travel policy
ZCP-0063	Delegation of Authority policy
	Missing Receipt form
	Meal Guidelines
	Mileage Rates
	Glossary

1.0 FRAUD

Employees are responsible for the authenticity and accuracy of the contents of their own expense reports. Any falsification on an expense claim is a form of fraud, which is a criminal offense and renders the employee liable to disciplinary action up to and including dismissal.

2.0 POLICY PRINCIPLES

- 2.1 The Company's Travel & Entertainment Policy is intended to keep pace with industry best practices while balancing concern for traveler safety and convenience. It is the Company's intent that travel and entertainment expenses be limited through careful management and appropriate judgment. It is the Company's policy to reimburse employees for all necessary and reasonable expenses incurred while traveling on Company business.
- 2.2 All employees must obtain pre-trip approval from their manager prior to the booking of any Company related travel. Instruction on obtaining pre-trip approval can be found under **Policies & Procedures** on the travel website on the Company intranet.
- 2.3 Employees are expected to be conservative in their spending and managers and team leaders are expected to be diligent in their review. An employee traveling on Company business is expected to exercise the same care in incurring expenses as a prudent individual traveling for personal reasons.
- 2.4 The purchase of capital or inventory items is not permitted as a reimbursement on an employee's travel and entertainment expense report. All such items must follow the guidelines outlined in the Purchase Authorization Policy and/or the Capital Expenditure Policy, as applicable.
- 2.5 The timely reporting of travel and entertainment expenses is important in order for the Company to maintain accurate financial records. Employees should submit expense reports as soon as possible upon return and no later than four (4) weeks from the date of return from a trip. Expense reports submitted after four (4) weeks from the date of return will require secondary management approval.
- 2.6 From time to time, a business trip may be extended for an undefined period of time. Trips home are permitted during extended periods of business travel as per guidelines set out in the Extended Business Travel Policy.
- 2.7 Occasionally, employees may wish to combine a business trip with vacation or have a family member accompany them on a business trip. In such cases, only the employee's direct expenses relating to the business portion of the trip will be reimbursed. The employee will be responsible for any personal costs that result from changes in personal travel plans.
- 2.8 It is recommended that no more than three employees, regardless of reporting or working relationships, travel together in the same mode of transportation at the same time.
- 2.9 Deviations from this policy require prior approval from the cost centre Vice-President. Employees can exceed the guidelines (i.e. upgrades) as set out in the Travel & Entertainment Policy, provided the employees personally pays all associated incremental costs.

2.10 Employees are to direct all travel related inquiries and/or concerns to the Travel Coordinator or Manager, Global Disbursements & Travel.

2.11 Changes to the Travel & Entertainment Policy will be communicated through the travel website on the Company intranet as well as the automated expense tool.

3.0 RESPONSIBILITIES

3.1 All Employees

are responsible to ensure their travel and entertainment expenses fall within the guidelines of this policy. Further, employees are responsible for the authenticity and accuracy of the contents of their own expense reports. Incomplete, unsupported or unapproved expense reports will not be processed for payment.

3.2 Managers/Approvers

are responsible to review and verify all necessary expense information for employees under their direction. All approved expenses that do not fall within the guidelines of this policy are reported through the automated expense tool to the Travel Coordinator and the Manager, Global Disbursements. Approvers may be asked to provide additional details regarding expenses they have approved that do not meet the guidelines as set out in this policy. Expense submissions must be approved in a timely manner.

3.3 The Finance Department (Global Disbursements & Travel)

is responsible to ensure travel and entertainment related expenses are properly authorized (based on data in the Zarlink Employee Database (ZED)), accurately recorded and reimbursed to employees in a timely manner.

The Finance Department/Global Disbursements & Travel will also monitor policy compliance, perform audits on travel and entertainment expenses and update policies and procedures, as required.

3.4 The Travel Coordinator

is responsible for the issue and termination of all T & E corporate credit cards. The Travel Coordinator ensures that cardholder agreements and policies are signed, as required.

3.5 Authorization

All travel and entertainment expenses in excess of \$10,000 USD (or the equivalent) require the approval of the related Cost Centre VP before payment can be processed.

No employee is permitted to authorize travel and entertainment expenses that benefit themselves directly. No employee is permitted to approve his or her own expense report regardless of his or her authority level.

No employee below the level of manager or team leader may approve travel and entertainment expenses, unless designated as the signing authority through the Delegation of Authority policy.

3.6 Delegation of Authority

An approver may delegate approval authority for travel and entertainment expenses based on the Delegation of Authority policy.

4.0 POLICY PRACTICE STATEMENT

4.1 Designated Travel Agency

All travel (air, accommodations, car rentals) must be booked through the Company designated Travel Agent. Any exceptions require advance approval by the Manager, Global Disbursements & Travel. Further details on booking procedures can be found on the travel website on the Company intranet.

4.2 Preferred Suppliers

It is the Company's policy to select preferred travel suppliers and to negotiate discounted rates in return for Company business. To maintain the highest level of discount, employees are required to use the services of a preferred supplier, whenever possible. A listing of the Company's preferred suppliers can be found on travel website on the Company intranet or can be provided by the Company designated travel agent.

4.3 Corporate Credit Card

The Company offers a T & E company credit card to all employees who are required to travel for business purposes. Requests for company credit cards are to be made via the ZED. Once approved, a credit card will usually be received within 5 business days. Employees will be required to read and sign, if applicable, a cardholder agreement prior to receiving their card. Violation of any aspect of this policy may result in the suspension and/or cancellation of the company credit card.

4.4 Expense Report

All travel and entertainment expense reports must be completed using the automated expense tool and will not be processed through any other method once this online tool has been rolled out in your respective region. As part of the set up on the automated expense tool all employees will be required to sign a copy of the Travel & Entertainment Policy. The Company will make reimbursements directly to company credit cards, on the employee's behalf, for travel and entertainment expenses incurred on a company credit card. Out of pocket travel and entertainment expenses (cash or personal credit card) will be reimbursed directly to the employee, see **Policies & Procedures** on the travel website on the Company Intranet for more details. Personal expenses will not be reimbursed and if included in an expense report will be deducted from the payment owing to the employee or the corporate credit card, as applicable. All expense reports must be approved by the employee's manager (and additional approval as required in section 3.5 of this policy) before payment will be processed.

4.5 Allocation of Expenses

Employees are responsible to accurately allocate their Travel & Entertainment expenses to the correct expense category. Any errors in Travel & Entertainment expense allocation is the responsibility of the employee.

4.6 Receipts

The Company requires original receipts for all expenses. Receipt details, at a minimum, must include date, location, amount, and taxes (GST, ST, and VAT). Additionally, receipts should also include a description of the expense.

4.6.1 **Missing Receipts**

Should an employee misplace or lose a receipt, a Missing Receipt form must be completed and submitted in place of the original receipt. The Missing Receipt form can be found under **Policies & Procedures** on the travel website on the Company intranet.

4.6.2 **Non-receipted Expenses**

The company will allow for minor expenses that cannot be supported with receipts. In order to be reimbursed for non-receipted expenses, employees must individually itemize and detail the expenses on the expense report. The maximum reimbursable amount per item is \$10 USD (or the equivalent).

4.7 **Employees Traveling on Business Together**

Employees are required to submit their own expenses related to business travel. In the event of a group bill the senior employee present must pay and expense the bill.

4.8 **Exchange Rates**

Where travel related expenses are not automatically converted to local currency by the employee's credit card (personal or corporate), they can be converted to local currency for purposes of reimbursement using one of the following methods:

1. The exchange rate incurred to purchase the foreign currency in order to make the related travel purchases.
2. The applicable exchange rate at the time the travel expense was incurred.
3. The exchange rate incurred on a credit card for approximately the same time period.

Tools for determining appropriate foreign currency rates and calculations can be found on the travel website on the Company intranet.

4.9 **Air Fare**

It is the authorized travel agent's responsibility to offer the employee the lowest logical fare with the most direct airline/route available to meet the employee's requirements. Declined savings will be identified on the electronic trip requisition form as well as management travel reports.

The agency has been given a two (2) hour "travel window" to check for flights before, and after, the requested departure times to search for the lowest logical airfare. Connecting flights and flights out of particular airports may provide a lower cost alternative and will be offered by the travel agency. Employees should also consider savings with respect to Saturday night stays, if applicable. In order for the Company to minimize travel costs, employees are encouraged to be flexible with their schedule, clearly communicate their needs to the travel agent and carefully consider the options available to make an informed decision.

4.9.1 **Authorization for Air Flight Class**

It is the Company's policy that all employees fly economy class fare with the following exceptions:

1. Upgrade to business class is available at no additional cost.
2. EMT members may purchase upgrades to business/first class for continuous flight of 6 hours or more when a no cost upgrade is unavailable.

4.9.2 **Unused Airline Tickets**

Employees are responsible to ensure credit is received for unused flights and to return any unused airline tickets to the issuing agent (if a paper ticket was issued). The designated travel agent will provide reports to management on unused tickets, cancelled tickets, and ticket changes.

4.9.3 **Loyalty Programs**

It is the Company's policy to allow employees to credit Company business travel to their personal Loyalty Programs (airlines, car rentals, etc.). However, these are employee-initiated programs and the Company assumes **NO** local regulatory responsibilities associated with the program or any applicable income tax self-assessment.

Any arrangement for business travel must be made in accordance with the most cost-effective principles intended by this policy, and must not be jeopardized or violated because of the benefits associated with any Loyalty Program.

4.10 **Ground Transportation**

Parking, tolls and automobile storage at airports will be reimbursed. Employees are required to utilize long-term parking where available.

4.10.1 **Vehicle Rental**

A rental vehicle should be used only when it makes economic sense and not as a matter of personal convenience. Vehicle rentals should be used when public transportation or Company-provided vehicles are unavailable or inadequate. When traveling in groups, sharing of vehicles should be practiced in order to minimize costs. Travellers are required to confirm that the rental rate per the travel itinerary agrees to the rental rate charged. If there is a discrepancy the employee should discuss the matter with the agent when picking up the vehicle.

In addition, the policy for vehicle rental usage is as follows:

1. All rental vehicles should be made for the mid-size rate (i.e. "C" class cars).
2. If more economical, it is recommended that travelers refuel rental vehicles prior to return, and include the cost of the fuel on the expense report.
3. All rental vehicles should be operated in a safe manner including proper use of seatbelts.
4. It is the Company's policy to **decline** all insurance coverage options for rental vehicles used for Company business, irrespective of payment method. Zarlink retains appropriate corporate insurance to cover liability damages incurred by employees while on Company business and self-insures collision claims. Employees should be reassured that they will not be personally liable for damages and costs will be reimbursed or paid on their behalf in a timely fashion so as not to incur any personal risk. As such, you are directed not to

purchase the insurance available through the rental companies when renting automobiles for Company business. In the event of an accident, contact the corporate insurance representative and the corporate card company, if applicable. Further details can be found under **Policies and Procedures** on the travel website on the company intranet.

4.10.2 Taxi, Shuttle and Other Transportation

The cost of taxis or car fare to and from places of business, hotel, airport or railroad stations, in connection with business activities is reimbursable. The most economical and practical mode of transportation to and from airports should be selected from the list below:

- Public transportation to and from airports;
- Public coach/minibus transportation;
- Shuttle service;
- Company car or personal car;
- Use of taxis is authorized only when more economical services are not available or in special cases, when valid business reasons warrant the use of such transport.

4.10.3 Use of Personal Vehicle

The use of a personal vehicle in place of rental vehicles, taxis or other transportation should be used only when it is more economical to the Company to do so after considering additional costs such as vehicle storage/parking, etc.

Please note:

- Employees using a personal vehicle for business purposes must ensure that proper coverage is obtained under their personal insurance policy, as the Company corporate insurance policy does not cover the use of personal vehicles.
- Company vehicles do not qualify as personal vehicles for the purposes of this policy. Please refer to the specific company car policies for further details.

Mileage or kilometer reimbursement will be made for authorized business use of personal vehicles. No other vehicle operating costs (i.e. fuel, insurance, maintenance, etc) will be reimbursed. The mileage and kilometer reimbursement rates can be found under **Policies and Procedures** on the Travel website on the Company intranet. The rates are determined using government and taxing authority guidelines as well as industry practice.

4.10.4 Train

The cost of first class fare will be reimbursed provided it is economically justifiable.

4.11 Meals

It is the Company's policy to reimburse the actual cost of meals incurred, provided they do not exceed the respective local meal reimbursement guideline. The local meal reimbursement guideline is based on average full course meals in moderately priced restaurants. Reasonable alcohol consumption is permitted to be included within the meal guidelines. The Finance Department will determine the local guidelines and update as necessary. In general, business meals should not be more lavish than those normally eaten at the employee's own expense. Employees are authorized to leave customary tips on meals; however, the tip is included in the meal guideline. Meal guideline details can be found under **Policies & Procedures** on the travel website on the Company intranet.

4.12 Accommodations

It is the Company's policy to negotiate discounted rates for accommodations at frequently traveled locations and employees are required to make use of preferred accommodations whenever possible. A listing of the preferred accommodations is posted on the travel website on the Company intranet and is also available from the Company designated travel agent. All accommodation related expenses not incurred with a preferred supplier will be identified on travel management reports.

Meals and other expenses on a hotel bill must be shown separately on the expense report.

All accommodations should be booked as **Standard** room type; exceptions to this guideline require the approval of the Cost Centre VP.

Employees are required to confirm that the nightly rate on their travel itinerary agrees to the actual rate charged. Employees should discuss any discrepancies at checkout with the agent.

Accommodation cancellations are the responsibility of the traveller. "No show" charges are not reimbursable expenses unless the charge was the result of circumstances beyond the employee's control. Cancellation confirmation numbers should always be obtained to assist in the event of a disputed cancellation.

4.13 Entertainment

In order for entertainment expenses to be reimbursable, the expenditures must be directly related to Company business. The following specific details are required on the expense report:

- Type of entertainment: lunch, dinner, drinks, etc.;
- Names and titles of guests;
- Company affiliation(s) of people attending;
- Cost, date, place;
- Business purpose and business relationship of individuals entertained.

4.14 Employees

In general, entertaining of local Zarlink employees by out of town Zarlink employees is not permitted. If it is deemed necessary to purchase meals for employees in these circumstances, the senior employee present must pay and report the expense.

4.15 Insurance

4.15.1 Medical

The Company provides medical insurance and business travel accident insurance (additional AD&D) while on company business. The Human Resources Department can provide further information. No additional insurance purchased by employees is eligible for reimbursement.

4.15.2 Vehicle

See section 4.9 of this policy.

4.16 Communication

4.16.1 Telephone

Business - The Company will pay charges for local and long distance calls outside a Company office provided a listing or telephone bill substantiates the calls. Company telephone calling cards, if available, should be obtained and used when calling long distance outside the office (hotel, airport, customer's office). Long distance call should NOT be placed directly from a hotel room due to the significant surcharges. Company cell phones may be used for long distance business calls provided the applicable calling plan makes this method cost effective. Consult with IT Services in order to obtain a calling card or for further details on cell phone plans.

Personal - To a reasonable extent (generally once per day), the Company will pay charges for personal long distance calls of normal duration when the employee is away from home. Employees are expected to use good judgment concerning the length and frequency of such calls.

4.16.2 Computer

To limit the cost of communication expenses, employees must take advantage of the Company's existing communication facilities while on business travel. Consult the IT Services Department for details on the available services.

4.17 Laundry

Laundry, dry cleaning and pressing services, away from home, are allowed when supported by out-of-town receipts. Dry cleaning and laundry expenses will be reimbursable on trips of four (4) days or more.

4.18 Tipping and Gratuities

Tipping and gratuities are intended to cover meals, cab service, etc. Reasonable judgment should be used regarding tipping. Generally, tipping should be in line with local customs, 10-15% of the pre-tax expenditure is the maximum considered reasonable and should be included in the cost of the associated expense. Additional

details can be found under **Policies & Procedures** on the travel website on the company intranet.

4.19 Meetings

When travel is required for meetings involving 30 or more employees, an internal event coordinator should coordinate the travel arrangements.

4.20 Non-Reimbursable Items

The Company will not reimburse the following expenses:

- Consumable Goods – cigarettes, toilet articles, etc.
- Personal Entertainment – theater, hotel movies, etc.
- Personal Dues to Clubs – airline membership clubs, Diners Club cards or other personal credit cards including transaction fees (other than the Company-sponsored credit card).
- Barbers, hairdressers or spa services (massage, facials, etc.)
- Personal expenses incurred at home as a result of being away on Company business are not reimbursed. Examples include lawn care, snow removal, baby-sitter's fees, boarding for pets, rent, utilities, etc.
- Personal bar bills.
- Golf fees (except when part of customer entertainment expense), golf bags, and other sporting equipment or events.
- Doctor's bills, prescriptions or other medical services (refer to the company Medical Benefits Policy)
- Insurance – Annual premiums for personal property insurance.
- Insurance – Airline or flight accidental insurance.
- Annual credit card fees for any credit cards other than Company-sponsored credit card.
- Interest & delinquency charges on credit cards.
- Repairs and maintenance to personal cars.
- Traffic or parking violations, towing charges.
- Car washes.
- Suitcases, attaché cases, and travel carts purchased for traveling.
- Routing books (e.g. official airline guides)
- Lost luggage, money, or personal items.

I acknowledge having received a copy of Zarlinks Global Travel & Entertainment policy. I agree to abide by the rules, regulations and guidelines as noted in this document.

Employee Signature _____ Date _____