**TRAVEL AND ENTERTAINMENT POLICY**

This document provides guidelines and establishes procedures for employees incurring business travel and entertainment expenses on NOR-CAL’s behalf.

Objectives

Ensure all employees have a clear and consistent understanding of policies and procedures for business travel and entertainment. Provide business travelers with a reasonable level of services and comfort at the lowest possible cost.

Responsibility and Enforcement

The traveler is responsible for complying with the travel policy. The approver is responsible for reviewing expense reports for compliance. NOR-CAL assumes no obligation to reimburse employees for expenses that are not in compliance with this policy.

Who to Call on Travel Policy Issues

Any questions, concerns or suggestions regarding this travel policy may be directed to Human Resources Manager or CFO.

Obtaining Travel Authorization

A Travel Request form must be signed by your Manager and submitted to the Human Resources Department at least 14 days prior to travel, 21 days prior for International travel. This form must explain the trip’s purpose and that the potential benefits of the trip justify the expense. Travel booked less than the advance timeframe will be subject to additional approval by Human Resources Manager or CFO.

Spouse and Companion Travel

Although your travel is for business purposes, we recognize that you might want to include your spouse or a companion. NOR-CAL will only provide assistance in scheduling the employees’ travel. Arrangements for spouse or companion are the responsibility of the employee once the business travel reservations have been finalized.

Air Travel Payment Procedures

Air Travel costs are paid for by NOR-CAL thorough the corporate American Express Card. Air fare is limited to economy class. NOR-CAL does not reimburse for first or extended economy. If there are baggage fees (each way) NOR-CAL will reimburse, receipts must be provided.

Parking and Tolls

While traveling by air, NOR-CAL will reimburse for long term off-site parking. For local travel NOR-CAL will reimburse for parking and tolls for travel to a customer location. Receipts or copies of credit card statement must be provided. Nor- Cal will not reimburse for tolls for a commute to our office.

Airport Transfers

NOR-CAL will reimburse for transfers to and from the airport of the destination city. If a rental car is warranted, compact rates are allowed.

Hotel Reservations

Hotel reservations requests must be included on the TRAVEL REQUEST FORM. Reservations will be guaranteed using the company credit card. Hotel rooms and incidental charges must be paid for using the traveler’s personal credit card. Travelers must submit an itemized hotel bill plus credit card receipt along with their expense report form for your reimbursement. Travelers will not be reimbursed for the following items: Hotel refrigerator or mini bar items, hotel movies, hotel laundry and valet services unless the trip exceeds five (5) consecutive days.

Personal Meal Expenses

Personal meals are defined as meal expenses incurred by the traveler when dining alone on an out-of-town business trip. Travelers will be reimbursed for personal meal expense at a rate per day of: Incidental expenses $5, Breakfast $18, Lunch $19, Dinner $34, or the actual meal expense incurred, whichever is less. Alcohol is not reimbursed. **The first and last day of travel is calculated at 75 percent.**

Business Meal Expense

Business meals are taken with clients or prospects during which a specific business discussion takes place. Employees will be reimbursed for business meal expenses according to actual and reasonable cost.

Tipping for Meals

Tips included on meal receipts will be reimbursed. Gratuity should not be more than 20% of the bill. Any tips considered excessive will not be reimbursed.

Entertaining Customers

Entertainment expenses include events such as concert, theater and sporting events, whereby a business discussion takes place during, immediately before, or immediately after the event. Travelers will be reimbursed for reasonable costs to entertain customers: If the person entertained has a potential or actual business relationship with NOR-CAL. In any of these cases, prior approval needs to be obtained by VP of Sales & Marketing, or an owner.

Documentation and IRS Requirements

An original receipt must be submitted with the expense report for any individual meal or entertainment expense. In addition, for business meals and entertainment expense, the following documentation is required by the IRS, and must be recorded on the expense report:

• Names of individuals present, their titles and company name.

• Name and location of where the meal or event took place.

• Exact amount and date of the expense.

• Specific business topic discussed.

• In the case of entertainment events, the specific time the business discussion

took place (i.e. before, during or after the event).

I acknowledge that, on \_\_\_\_\_\_\_\_\_\_\_\_\_\_ (insert date); I received a copy of the Company’s Travel and Entertainment policy. I have read, understand and will abide by its terms.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee Signature