

## Business Travel Policy

**Supersedes:** Any & all former travel policies, including Travel Policy #605

**Distribution:** All Personnel of the Subsidiaries and Affiliates of The Schwan Food Company

**Effective Date:** August 11, 2014

### 1. POLICY STATEMENT

The need for standardization of both documentation and reporting of business expenses and the increasing reporting requirements of the Internal Revenue Service and other regulatory bodies dictate that all U.S. based employees of the subsidiaries and affiliates of The Schwan Food Company ("Company") be guided by a common set of expense guidelines. This Policy sets forth those guidelines and will be revised as needed.

The primary responsibility for determining the appropriateness and validity of expenditures lies with the employee incurring the expenses and the approver of the expenditures. **Employees are expected to be conservative in their spending; managers are expected to be diligent in their review.** Compromises must not be made as it relates to employee safety and security. Our Policy relies upon the mature, reasoned judgment of employees and the recognition of their fiduciary obligations to senior management and shareholders.

Travel, entertainment and expenses incurred for the advancement of Company business are a required and generally recognized means of conducting business. Employees and managers must consider alternatives to travel (i.e. conference calls, video conferencing, etc.) when doing so would accomplish the same business outcomes. If travel is required, care must be used in determining the appropriate number of travelers for a given event. ***All reasonable expenses, as defined herein, incurred to further the corporate interest will be reimbursed. All expenditures must be made in accordance with laws and regulations of the jurisdictions in which the Company operates.*** Any employee expenses that are not reimbursable within this Policy will become the personal financial responsibility of the individual who incurred them. Failure to comply with this Policy will be considered misconduct and may result in disciplinary action up to and including termination.

### 2. SCOPE

This Policy applies to all employees, contractors, business partners or agents (collectively referred to as "personnel" for the sole and limited purpose of the administration of this Policy) of the subsidiaries of The Schwan Food Company ("Company").

### 3. RESPONSIBILITY

**A. Employees' Responsibility:** All employees share responsibility for using good business judgment in transacting Company business. The purpose and amount of expenditure should conform to the ethical and legal standards of conduct expected of Company employees. Employees must:

1. Exercise fiscal responsibility as stewards of the Company's resources;
2. Evaluate options to avoid travel (e.g., audio or Web conferencing options should be considered);
3. Pay their own business expenses in accordance with these policies except when part of an employer work group or department, in which case the provision of Section 5(F)(3) shall apply;
4. Exercise good judgment in determining the number of Company employees required to attend events and coordinate their own travel with other employees to reduce the need for rental cars or taxis;

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5. Be aware of their surroundings and make safe choices;
6. Achieve the business purpose of travel; and
7. Submit expense reports on a timely basis. Receipts for all expenses, regardless of the amount, must be attached (exception: reasonable tips and tolls). Whenever possible, employees should consolidate expense reports and submit monthly.

**B. Supervisors' & Managers' Responsibility:** Supervisors and managers may not assign their approval responsibilities or authority to others, and are generally responsible for proactively monitoring the use of Company funds for reasonableness, cost effectiveness and budget alignment. *Supervisors and managers are specifically responsible for ensuring:*

1. Employees under their supervision have been provided, understand and adhere to the Business Travel Policy;
2. Travel is necessary and cost effective and only the required number of employees travel to specific events;
3. Employees submit expense reports for approval with all receipts and proper documentation attached;
4. Review all expense reports for reasonableness and actively manage any employees who are in violation of the Policy or who consistently exceed recommended guidelines; and
5. All approved expense reports are reported on the Company expense reporting system.

## **GENERAL PROVISIONS**

### **4. APPROVED AUTHORITY**

The employee's manager and business unit executive must preapprove international travel, employee relocation and approved spouse/family travel. Employee authorization for all other trips will occur as part of the "Reimbursement of Business Expenses" identified in Section 5.

### **5. REIMBURSEMENT OF BUSINESS EXPENSES**

**A. General Information:** The expense approver has the responsibility to verify that expenses claimed are reasonable, proper and necessary to accomplish Company objectives and are consistent with Company policies. Expenses must be properly reported by the employee and approved by a higher level of supervision to qualify for reimbursement.

1. Particular care must be given to describe and document any unusual items reported for reimbursement. Describe the expense as it was actually incurred.
2. Expenses incurred by one employee may not be reported and claimed by another employee.

**B. Nonreimbursable Personal Expenses:** The following items are generally not reimbursable (this list is not all-inclusive):

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- Airport concierge parking
- Airline optional convenience fees
- Airline priority boarding fees
- Airline in-flight movies
- Airline in-flight internet
- Airline club memberships
- Airline seat upgrades/preferred seating
- Babysitter and/or pet sitter
- Barbers and hairdressers
- Business charges on any credit card other than the Schwab corporate credit card
- Car washes
- Clothes
- Custom duties on personal purchases
- Flight insurance premiums
- Golf fees
- GPS in rental cars
- Gratuity fees greater than 20%
- Health club facilities
- Laundry (less than 5 travel days)
- Luggage insurance for non business material
- Medical bills incurred during travel
- Mini-bar refreshments
- Movies
- Parking and traffic violations
- Personal credit card fees
- Personal entertainment
- Personal reading matter
- Purchase of travel through any unauthorized travel agency and/or the internet
- Shoe shine

**C. Entertainment of Vendors, Suppliers, and other Nonemployees:** Please refer to the Gift & Entertainment Policy.

**D. Beverages:** A guideline of up to two beverages per person, either alcoholic/non-alcoholic may be included on business meal expenses. [NOTE: Employees are expected to behave responsibly and exercise good judgment with regard to the consumption of alcoholic beverages while on company business. No alcohol may be included on any business meal expense during normal business hours. Drinking while driving, and/or driving while under the influence of alcohol are not permitted.]

**E. Meals:** The reasonable cost of the meal (guideline of \$50 daily limit - example: \$10 breakfast, \$15 lunch, \$25 dinner), including a reasonable and customary tip (guideline of up to 20%) must be charged to the corporate credit card. The daily limit includes the meal, beverages and gratuities. All meals require a legible itemized receipt and signed credit card receipt that must be scanned into the expense reporting system to support the charge.

1. Same Day Travel: Individual meals are considered personal expenses and not Company related expenses.
  - Breakfast on the way to the office, lunch during the day, quick meal returning home after working is not a Company expense. Grabbing coffee and breakfast on the drive to either Marshall or Bloomington is not a Company expense.
  - Company meetings with more than 5 (approximate) may be acceptable to be expensed to the Company when it is difficult to find time for groups to get together on tight calendars (example: team/staff meetings).
  - Use good judgment when deciding if a meeting with a co-worker to discuss business-related matters can take place in the office vs. expensing a meal.
2. Overnight Travel: The cost of an employee's meals incurred while away from home on Company business, including reasonable gratuities, is reimbursable. Discretion and good judgment are expected in the incurring and approval of meal expenses. No reimbursement for personal meals is permitted when business meals are provided.
3. Employees Dining Together: When two or more employees dine together for business purposes, the employee holding the most senior position is required to pay for the meal whenever possible and appropriate. (The business purposes must be sufficiently clear and detailed so that an auditor can conclude that the expense is proper and necessary to accomplish Company objectives and is consistent with Company policies.)

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**F. Separate Payment & Expense Reporting:** Business meetings and other business events must be paid by the sponsoring employee present and documented as a business meeting. An appropriate business purpose must be recorded. The paying employee will report the total cost on his own expense report as a business meeting.

**G. International:** The expense report for international travel must be prepared in U.S. currency and must include documentation of the exchange rate used. Appropriate travel authorizations must also be attached.

### **6. INDIVIDUAL CREDIT CARD**

Company designated corporate credit cards will be issued to those employees who are required by their work to travel. All Company airline tickets booked for Company travelers will be charged to the Company designated corporate credit card. All other business travel expenses, when applicable must be charged to this card and expensed as referenced in this section.

### **7. TRAVEL ARRANGEMENTS**

**A. Designated Travel Agency:** All reservations, including air, car and hotel for business travel must be booked through the designated on-line booking tool or by Schwan's Travel Services. This ensures maximum corporate negotiating leverage and earning potential with suppliers as well as consistent service and the lowest rates for the business traveler. All travelers must establish and maintain their travel profile in the designated on-line booking tool.

**B. Personal Travel:** Employees may take advantage of the Company negotiated rates/fares with airlines, hotel and car rental suppliers, but the expenses related to this travel must be charged to the employee's own personal credit card.

**C. Candidate Travel:** Travel for candidates for employment must be booked by Company employees using the designated on-line booking tool, preferred suppliers and terms referenced in this Policy. Any deviations and exceptions to Policy including class of service, personal preferences and other allowances must be approved by the executive of the subsidiary.

**D. International Travel:** Travel outside of the United States, Canada and Mexico must be approved in advance by the employee's manager and business unit executive.

### **8. FREQUENT TRAVELER BENEFITS**

The accumulation of points by participating in travel supplier promotions is for the employee's personal benefit. Travelers are responsible for updating their frequent flyer numbers in their travel profile via the designated on-line booking tool.

### **9. TRAVEL INSURANCE**

The cost for additional flight insurance and/or medical travel insurance is not reimbursed.

## **AIR TRANSPORTATION**

### **10. LOWEST LOGICAL AIRFARE**

Employees must book the lowest logical airfare possible between their departure point and destination consistent with reasonable timing and schedule. Any negotiated fares as described in Section 11 must be considered first when booking airfare. The lowest possible fare must be selected, even if this means not receiving frequent flyer miles with the traveler's airline of choice.

Whenever reasonably possible, non-preferred airlines, as indicated in the online booking system, must be used if the airfare difference exceeds \$100 per ticket.

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### **11. NEGOTIATED AIRFARES**

The Company preferred carrier must be considered first when selecting lowest logical airfare. Current preferred carrier agreements are subject to change. For additional information on the Company preferred carriers contact Schwan Travel Services.

### **12. NON-REFUNDABLE FARES**

Employees must accept penalty fares and/or non-refundable airfares.

### **13. ADVANCED PURCHASE**

Employees must book 14 days or more in advance whenever possible to take advantage of special discounted or promotional airfares. Because many discounted fares are restricted to a limited number of seats on any given flight, airline reservations must be made as far in advance as possible.

### **14. CONNECTING FLIGHTS & ALTERNATIVE AIRPORTS**

Where doing so would result in a lower cost fare, employees must accept connecting flights and/or alternative airports as long as the connections do not severely impact the employee's itinerary.

### **15. APPROVED CLASS OF SERVICE**

All U.S., transborder and international travel must be booked in coach class. Seat class upgrades, airline club memberships, seat selection fees, priority boarding fees, and other optional convenience fees are not allowable business expenses.

### **16. SCHWAN'S AIRCRAFT USE POLICY**

Please refer to the Schwan's Aircraft Use Policy.

### **17. MISCELLANEOUS**

**A. Back-to-Back Ticketing & Hidden Cities:** Employees may not request Schwan's Travel Services to book "back-to-back" or "hidden city" tickets or any other ticketing not considered acceptable by major carriers.

**B. Who-Flies-With-Whom:** In order to minimize a possible impact on Company operations, employees traveling together on the same conveyance will be limited as follows:

- No more than 50% of the members of the Board of Directors;
- The Chairman of the Board and the Chief Executive Officer may not travel together;
- The CEO and no more than 50% of the Executive Committee members;
- No more than 50% of a Business Unit President's direct reports (Shared Services excepted);
- No more than 50% from a functional group or department (Shared Services excepted);
- Any deviation must be approved by the CEO.

**C. Luggage Fees:** The Company will reimburse employees for one piece of luggage per flight only when traveling for two or more consecutive nights, and for two pieces of luggage per flight when traveling for five or more consecutive nights.

**D. Ticket Changes:** Airline ticket changes are costly. Employees must make every effort to book their travel appropriately and attempt to avoid changes prior to and during the trip.

## **GROUND TRANSPORTATION**

It is expected that employees select the most economical mode of reliable and safe transportation when traveling on Company business.

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### **18. CAR RENTAL**

- A. Preferred Supplier:** Company travelers must use the preferred car rental supplier as noted in the designated online booking tool when other commercial ground transportation, such as shuttles, taxis or public transportation, is not reasonably available.
- B. Car Size:** Employees must rent midsize, standard or smaller cars. Any exceptions to car size require manager approval.
- C. Marshall/Minneapolis rentals:** All car rentals in both Marshall and Minneapolis require manager approval. The first choice of transportation between Signature Flight Support and the Bloomington office must be the Bloomington shuttle service. The first choice of transportation between the Marshall Airport and Schwan facilities is Marshall Area Transit.
- D. Miscellaneous:**
- Vehicles must be filled with fuel before returning to the car rental agency. This is a reimbursable expense.
  - Employees must wear seat belts at all times, obey traffic laws and drive in a safe and attentive manner. Employees will not be reimbursed for any fines resulting from traffic violations while driving a rental car during business travel.
  - For any trip that requires driving more than 150 miles per day a rental car should be used instead of driving a personal vehicle and expensing mileage.
  - Employees should decline all car rental insurance.
  - GPS is not typically approved as a reimbursable expense.

### **19. LIMOUSINES & BUSES**

The use of private car services must only be considered when the cost of the service is more economical than other forms of transportation. For further information on preferred supplier relationships with companies who provide limousine, airport transportation, chartered motor coach and bus service please contact Schwan's Travel Services.

### **20. TAXI SERVICE**

Employees should utilize taxi service only when courtesy cars and airport transportation/buses are not available.

### **21. ALTERNATIVES TO AIR TRAVEL**

- A. Personal Car:** Where authorized, employees may use their personal vehicle or a rental car for trips normally involving air travel. Reimbursement is available for Company approved mileage allowance as well as other out-of-pocket expenses providing the total expenses do not exceed the cost of the appropriate class of air travel to the same destination.
- B. Rail:** Where authorized, employees may travel via Amtrak or other railroad service for trips normally involving air travel.

### **22. PARKING**

Parking fees are reimbursable if not part of the employee's normal commute. When reasonable, parking at offsite parking facilities (i.e. Park N Fly, etc.) should be considered rather than parking at an airport terminal, especially for trips longer than one day. Taxi service to and from an airport is reimbursable when doing so would be a lesser expense than parking.

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### **LODGING**

#### **23. BOOKING GUIDELINES**

Employees must make their hotel reservations through the designated on-line booking tool or Schwan's Travel Services and must book Company preferred properties. The lowest possible rate must be selected, even if this means not receiving loyalty points with the traveler's hotel of choice. Employees traveling to the Bloomington, MN office must stay at one of the approved hotels for that location. The preferred properties (including hotels specified for the Bloomington office) are identified in the online booking tool as a Schwan approved property. Some exceptions do apply:

1. Hotels booked in conjunction with Company sponsored meetings;
2. Hotels booked for travelers attending a trade show or convention;
3. Employee traveling with customer; and
4. Hotels booked by non-management Home Service and Consumer Brands field personnel.

The name, address, confirmation number and dates of the above exceptions (1-3) must be sent to Schwan's Travel Services for emergency contact information.

#### **24. GUARANTEED ARRIVAL & CHECK-IN**

Company employees will use the Company designated corporate credit cards to guarantee rooms for late arrival. Upon check-in, individuals should identify themselves as Company employees and confirm that the rate actually billed is the same or lower than the rate shown on the travel itinerary.

#### **25. CHANGE & CANCELLATION PROCEDURES**

Employees must change or cancel their reservations through the on-line booking tool or Schwan's Travel Services to avoid "no show" charges and to ensure reservation accuracy. Record date, time and cancellation number for future reference.

#### **26. ROOM TYPE**

Employees traveling on business are expected to stay in rooms defined as standard accommodations by the hotel. Upgrades to suites or other club level rooms will not be reimbursed unless upgraded at no additional cost.

### **ENTERTAINMENT**

#### **27. CUSTOMER/SUPPLIER ENTERTAINMENT**

Please refer to the Gifts & Entertainment Policy.

### **MEETINGS/EVENTS**

#### **28. MEETINGS & EVENTS PLANNING**

Please refer to the Meeting/Event Facilitation Policy

#### **29. POLICY INTERPRETATION**

If any dispute arises over the interpretation of this Policy, final interpretation of its meaning will be the responsibility of the Chief Human Resources Officer and the General Counsel and/or their designees.

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## Frequently Asked Questions

**Q: Why are we making changes to the policy?**

**A:** The Business Travel policy needs to reflect Schwan's desired state. The changes provide guidelines to promote safety conscious decisions, reduce unnecessary spend, and align all business travelers to one standard.

**Q: What is the biggest way I can impact cost savings at the Company?**

**A:** Determine whether the travel is sales related and/or otherwise business critical. Employees and managers must consider alternatives to travel (i.e. conference calls, video conferencing, etc.) when doing so would accomplish the same business outcomes. If travel is required, care must be used in determining the appropriate number of travelers for a given event.

### Expense Reporting

**Q: May I use cash or my personal credit card for some expenses?**

**A:** No, employees must use their corporate credit cards in all instances where credit cards are accepted.

**Q: Do I need to provide a receipt for all expenses, even those under \$25?**

**A:** Yes, employees are now required to provide receipts for all business expenses.

**Q: Do expense reports need to be reconciled on a monthly basis?**

**A:** Yes, consolidate expense reports and submit monthly whenever possible.

**Q: What if I do not have or have misplaced a receipt?**

**A:** If you are unable to obtain a replacement receipt, you can utilize the missing receipt affidavit. Missing receipts will be less of a problem if employees use Conkurs mobile app for imaging receipts.

### Airline Flights/Fees

**Q: Why can't I expense in-flight internet?**

**A:** It has been determined that in-flight internet services are not a business critical expense. Best practice to manage emails while traveling is to sync your emails before you board your flight. You can work offline in flight and then sync again upon landing.

**Q: Why do I need to book my airline ticket 14 days in advance?**

**A:** Booking at least 14 days in advance helps ensure that you receive the lowest possible airfare, along with your preferred seating assignment.

**Q: Why do I need to book my travel through Schwan's Travel Services?**

**A:** To facilitate communication with travelers in the event of emergencies or changes in travel plans, and to control costs by leveraging volume purchasing.

**Q: What is the baggage reimbursement guideline?**

**A:** The Company will reimburse employees for one piece of luggage per flight when traveling for two or more consecutive nights, and for two pieces of luggage when traveling for five or more nights. Excess baggage, with manager approval, is reimbursable if there is a legitimate business need.



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### Hotels

**Q: How do I find Schwan “preferred hotels?”**

**A:** In the online booking tool all Schwan preferred hotels and chains will show diamonds based on the preference. Please see below. In the event a hotel is not in the online booking tool contact Schwan’s Travel Services.

<b>This Hotel is:</b>	Most Preferred	◆◆◆
	Preferred	◆◆
	Less Preferred	◆
<hr/>		
<b>Hotel chain:</b>	Most Preferred	◆◆◆
	Preferred	◆◆
	Less Preferred	◆

**Q: Beyond booking at a preferred hotel what other things should I consider?**

**A:** Looking for hotels that offer free Wi-Fi, parking, continental breakfast, shuttle service, etc. can help control costs.

### Meals

**Q: What if I spend more than \$50/day on meals?**

**A:** This will be flagged in the system and your approving manager will need to make the determination on whether it is appropriate.

**Q: Why can’t I expense meals on same-day travel?**

**A:** Consistent with IRS regulations, the Company does not reimburse meal expenses for same-day travel.

**Q: What is the appropriate amount to tip?**

**A:** Gratuities of up to 20% are acceptable. Any amounts over 20% are considered a personal expense.

### Car Rental/Parking

**Q: Do I have to use off-site airport parking?**

**A:** We ask that employees consider using off-site parking where safe and practical.

**Q: Do I still need a manager to approve a rental car in Marshall or Bloomington?**

**A:** Yes. Because there are free shuttles to the corporate offices and many hotels offer free shuttle service, the need for renting cars in either city should be limited.

**Q: Instead of renting a car, can I drive my personal vehicle and be reimbursed for mileage?**

**A:** Yes, with manager’s approval. If driving more than 150 miles a rental car is generally more cost effective.

**Q: Is GPS on a rental car a reimbursable expense?**

**A:** GPS is generally not a reimbursable expense.