

Vanguard Sailboats Travel Expense Guidelines

Wise use of company resources has a direct and substantial impact on the Company's profitability. Employees are expected to use these guidelines to make cost effective decisions, which contribute to the welfare of all employees.

The purpose of this policy is to:

- Establish equitable guidelines for travel and other business expenses
- Minimize travel and other business expenses where appropriate
- Achieve consistency in the procedures for reimbursing such expenses
- Insure adequate documentation for both accounting and tax purposes
- Serve as a guide for those submitting expense reports, authorizing managers and Accounting.

This policy is applicable to all Vanguard employees incurring travel, entertainment or other business expenses on behalf of Vanguard.

Vanguard reimburses employees for all reasonable and necessary expenses incurred while traveling or entertaining on Company business or incurred in connection with a specific Company activity. It is recognized that the nature and amount of expenses will vary depending on the objectives of the individual's assignment. It is impossible to anticipate every situation that will be encountered. Therefore, all employees are expected to apply these guidelines on a conservative basis and where the policy is silent, to exercise good judgment.

In general, expenditures are authorized for and employees will be reimbursed for, actual and reasonable business expenses incurred. Appropriately documented Vanguard Sailboats Expense Reports (G:\Shared\Forms\Expense Reports) should be completed by the employee, approved by the employees' manager, and forwarded to Accounting within one week of the incurred expenses. Expense reports should clearly identify all business expenses and must include receipts for all expenditures. Vanguard will reimburse employees for approved expenses within two weeks of receiving a properly completed and approved expense report.

Travel Advances

Travel advances are available when necessary. Travel advances must be requested, using a Check Request (G:\Share\Forms\Check Request). Requests must be approved by your manager and submitted to accounting 10 days before needed. The total advance should not exceed anticipated business expenses. Travel advances must be settled when the expense report is submitted.

Reporting Procedures

Expense reports should be submitted within one week after travel or business expenses are incurred, with receipts. Original receipts must be submitted for reimbursement; photocopies are not acceptable. Receipts must be obtained for all cash expenses. Credit card receipts must be obtained for all charges. When using a Company or personal credit card a copy of the monthly statement is not acceptable.

Approval Procedure

1. Complete an expense report and attach all receipts, including expenses charged to the employee's personal credit card.
2. Have the report approved by your manager.
3. Your manager will submit the report to Accounting for processing. The report will be audited for accuracy and completeness. Any report found to be incomplete or in violation of Company policy will be returned with a note detailing the discrepancy.
4. Upon completion of the audit process, the expense report will be forward to the Controller for approval.
5. The Controller will return the approved expense report to Accounting for payment processing.
6. Expense reports are to be submitted within one week after travel or business expenses are incurred, with receipts. Expense reports will be reimbursed within two weeks of the Accounting Department's receipt of an approved expense report.

Air Travel

- All airfare for trips should be economy class and whenever possible should be well planned for and scheduled far in advance. If many flight options are available, the cheapest, most reasonable one will generally be chosen, irrespective of carrier.
- Airline reservations should be made as far in advance as possible to take advantage of discount 7 to 14 day advance purchase, non-refundable fares. Typically, the penalty to modify travel arrangements is significantly less than the higher prices paid for making the reservations at the last minute.
- Airfare should be charged to your Company or personal credit card. Infrequent travelers may charge their airfare to their managers' Company credit card.
- Frequent flyer points earned during business travel are yours. You may use frequent flyer points or upgrade coupons to upgrade to business class or first class.
- Employees may arrive, when necessary, at a business destination the evening before the meeting. Vanguard will not pay for any expenses incurred

for a stay beyond the day business is concluded, except in unusual circumstances.

- Vanguard will not pay for upgrades.

Ground Transportation

Rental cars are generally the most expensive mode of transportation and should only be used when the nature of the trip or the location or the customer being visited is such that use of a taxi or other public transportation is not practical or would be more expensive.

Car Rentals

1. Employees are to rent economy or compact vehicles, mid-size or larger only in special circumstances.
2. Car rental should be charged to a Company or personal credit card.
3. For domestic business rentals, the collision and personal injury insurance options should be declined. Additional daily insurance charges should also be waived.
4. A copy of the car rental agreement must be attached to the employee's expense report.
5. Fines, parking violations or other expenses are the employee's/driver's responsibility.
6. Vanguard does not pay for car expenses such as car wash for personal or rental cars.

Business Use of Personal Cars

Employees may submit expenses for the use of their personal car while on business. Employees will be reimbursed \$.36 for every mile driven on behalf of Vanguard. Miles driven from your home to and from the office are considered personal miles and are not reimbursable. Travel to and from the airport is reimbursable. Receipts should be submitted for any parking expenses or tolls.

Parking, Taxi, Tolls & Ground Transportation

Parking fees, taxi and tolls while on business away from the office are fully reimbursable. Receipts should be obtained and submitted.

Shuttle services, wherever available, are an economical choice, if time allows.

Public transportation is generally inexpensive and recommended whenever it makes practical sense.

Lodging

1. Hotel/motel rooms will be the minimum corporate single rate.
2. It is the employee's responsibility to cancel unused reservations by 6:00 p.m. local time of the hotel.
3. Room and guest services used for personal entertainment are considered personal expenses.
4. A copy of the hotel bill and credit/cash receipts should be attached to the expense report.
5. If deemed appropriate by the employee, Vanguard will reimburse a gratuity in lieu of lodging, i.e., if employees stay with representatives, friends, relatives, etc. rather than rent a hotel room, Vanguard will pay for the employee's reasonable gift/entertainment for this person. Receipts are required.

Company Credit Cards

Vanguard provides regular travelers with corporate American Express cards. Employees, by accepting a credit card in his/her name agree to the guidelines for use of Company credit cards.

Guidelines

- American Express cards are in the employee's name, sponsored by Vanguard.
- Monthly statements are sent to the employee's home address and it is the employee's responsibility to pay the statement, in full within the terms every month.
- Vanguard will be notified by American Express if your account is past due. If this occurs more than 2 times, your card will be cancelled.

Lost or stolen Company credit cards must be reported to the Controller immediately. Upon termination of employment, an employee is required to return his/her Company credit card to the Controller.

Miscellaneous Expenses

Meals – The cost of meals of individual Vanguard employees while away on business are fully reimbursable provided they are reasonable and customary charges. General guidelines are \$10.00 for breakfast, \$15.00 for lunch and \$30.00 for dinner. A moderate and responsible quantity of wine or beer with dinner is considered a legitimate meal expense.

Tips & Gratuities – Reasonable tips in relation to services rendered will be reimbursed. Presently, 15% - 20% is considered reasonable for meals and 10% - 15% is considered reasonable for cabs. Miscellaneous tips should be generally kept to \$5.00 per day.

Entertainment – If you entertain business clients, the meeting must be well documented with the names of the attendees, their company and the purpose of the meeting. Appropriate forms of entertainment include lunch or dinner. Any form of adult entertainment or clubs is never an appropriate form of business entertainment. If you are unsure about an entertainment expense, please check with your supervisor in advance. The amount and type of entertainment must be commensurate with the specific customer and be shown to benefit business.

Personal Entertainment – The cost of personal entertainment (books, magazines, theatre tickets, etc.) is not reimbursable.

Personal Care – The cost of personal care (toiletries, etc.) is not reimbursable.

Non-Reimbursable Expenses

- Airline club memberships
- Airline upgrade coupon booklets
- Personal credit card fees
- ATM fees
- Personal items
- Personal entertainment
- Traffic violations and citations