

ORTHOPEDIATRICS TRAVEL & BUSIENSS EXPENSE POLICY

1 PURPOSE

- Ensure there is a clear and consistent understanding of OrthoPediatics policy relating to business travel and other expenses incurred by an individual in carrying out assigned duties on the Company's behalf.
- To provide travelers with a reasonable level of service and comfort that is effective and cost convenient, while maintaining the highest safety standards.
- Maximize the company's use of negotiated discounted rates with preferred suppliers and service providers.
- Protect the assets of the Company, impact departmental expenditures and company profitability.
- Ensure compliance with all laws, regulations and tax codes.
- Provide a clear policy for reimbursement of approved expenses incurred by individuals when traveling for business purposes on behalf of OrthoPediatics.

2 SCOPE

This policy applies to all employees of the Company, and at the Company's discretion it can apply to job candidates, contractors, consultants, or distributors.

The Company intends to reimburse individuals for all reasonable expenses, which they incur on behalf of the Company in carrying out the assigned duties of their positions. Reimbursement of business expenses is not, nor should employees consider it to be, either direct or indirect compensation of any sort.

3 POLICY / PROCEDURE

3.1 General Policy Statement

- 3.1.1 Consultant travel is only permitted at the request of OrthoPediatics. Travel will only be requested when the business need directly relates to the services being provided. The Company reserves the right not to reimburse any travel, or other expenses it determines to be contrary to the intent of this policy or in violation of any government regulations.

3.2 Fraudulent Reporting

- 3.2.1 The filing of an expense report containing fraudulent expense data shall be cause for immediate dismissal from the Company.

- 3.2.2 **The Company assumes no obligation to reimburse employees for expenses that are not in compliance with this policy.**

- 3.2.3 Should you have any questions regarding the interpretation of this policy, please refer to your immediate manager for assistance.

3.3 Prior to Travel

- Before requesting travel approval, an employee will consider the most effective process for conducting their business. Phone conferences or video conferences are to be used whenever possible. Overnight travel should be the last option used.
- Prior approval for travel is required from your manager and must be obtained 14 days prior to your business trip. Exceptions must be signed off prior to booking by senior management.

3.3.1 BUSINESS TRAVEL ARRANGEMENTS

- 3.3.1.1 All travel arrangements for business travel should be made through our designated travel partner, Travel Leaders at 1-800-346-9807, headquartered in Fort Wayne, Indiana.

3.3.1.2 On-line Booking Procedure – For DOMESTIC TRAVEL ONLY, travelers must use the authorized on-line booking system, Concur, at the following link <https://www.concursolutions.com/>. This on-line tool is linked and run by Travel Leaders. First time users of Concur must enter a username (your email address) and a password (welcome). You have the option to change this password once you sign on. You will be required to complete a user profile to save your preferences, frequent flyer numbers, etc.

3.3.2 AIR TRAVEL

- Individual travelers are responsible to ensure compliance with this company policy.

3.3.2.1 Class of Service

3.3.2.1.1 Travelers are expected to accept the lowest non-refundable fare offered (or within a \$75.00 window), as long as it is within 2 hours of the requested time, it is to / from the airports specified.

3.3.2.1.2 For domestic flights within the region of North America (USA, Canada, Mexico and Caribbean) and for international flights less than 12 hours travelers must make their reservations in coach / economy class. For international flights longer than 12 hours, travelers may book in Economy Comfort. All international travel must be approved by the CEO and/or CFO.

3.3.2.2 Airline Upgrades

3.3.2.2.1 Upgrades at the expense of the company are **NOT** permitted; however, upgrades are allowed at the traveler's personal expense and are the sole responsibility of the traveler.

3.3.2.3 Frequent Flyer Programs

3.3.2.3.1 Participation in any frequent flyer or other loyalty program must not influence the employee's selection of supplier, carrier or fare. Any frequent flyer benefits accumulated by an employee on business travel, will remain the property of the employee.

3.3.2.4 Visas & Passports

3.3.2.4.1 Travelers are responsible for making sure their Passports and Visas are current and ready for all anticipated international travel. The Company will assist in obtaining passports and visas if necessary and will cover all applicable fees

3.3.2.5 Airline Club Memberships

3.3.2.5.1 Airline club memberships, such as the Delta's Crown Room, American's Admirals Club and United's Red Carpet, to name a few, are non-reimbursable expenses.

3.3.2.6 Baggage

3.3.2.6.1 The company will only pay for excess baggage relating to equipment, items or marketing materials that are required to be carried as part of a business trip. The company will reimburse first bag checked charges when applicable. Reimbursement of a second bag is only allowable if the trip is in excess of 7 days or longer.

3.3.2.7 Stand by Charges

3.3.2.7.1 Some airlines are now charging a fee for passengers to fly stand by on a flight within three hours of their scheduled departure time. The Company will allow stand by charges to be reimbursed up to \$100 per ticket. Stand by charges could be incurred when business meetings are delayed or when business meetings have ended early and the employee desires to come home early.

3.3.2.8 Denied Boarding and Overnight Delays

3.3.2.8.1 Employees must not volunteer for denied boarding compensation, such as when an airline overbooks a flight. Should an overnight delay occur due to issues with an airline, the traveler must attempt to secure complimentary lodging and dining voucher from that airline.

3.3.2.9 Unused/Cancelled Airline Tickets

3.3.2.9.1 Any unused airline tickets must be promptly returned to Travel Leaders to ensure full credit to the Company. A note must be made on the expense report indicating which coupons were returned for credit. The unused and/or non-refundable airline tickets will be applied to future travel.

3.3.2.10 Travel Insurance

3.3.2.10.1 All company employees receive 24 hours worldwide personal accident insurance when traveling on authorized Company business. All tickets purchased through Travel Leaders include \$150,000 catastrophic flight Insurance coverage at no cost to you or the company. Additional insurance purchased by the traveler will be considered a personal expense and therefore not reimbursed by the company.

3.3.3 LODGING

- Lodging expenses will be allowed for individuals when they are on company business at a distance from their usual place of work and a return home would be impossible, impractical, or not cost effective. The **zero balance** hotel bills showing an accepted form of payment is required documentation for reimbursement of lodging expenses.

3.3.3.1 Non-reimbursed Expenses

3.3.3.1.1 Charges for incidental items such as: hotel room or pool side mini-bars, in-room movies or room services will not be reimbursed.

3.3.3.2 Hotel Selection

3.3.3.2.1 Travelers are reimbursed for actual cost of single-room accommodations typically occupied by business travelers. OrthoPediatrics has established “preferred” rates with select properties and these properties should be used when at all possible. Recommended “midscale” chains such as Hampton Inn, Holiday Inn Express/ Holiday Inn, Hilton Garden Inn or Ramada Inn etc. should be used when possible. Suites and other higher priced accommodations are to be used only when approved in advance by senior management and are essential to the direct conduct of business.

3.3.3.3 Cancellations

3.3.3.3.1 Hotel reservations are generally “guaranteed for late arrival”. It is the employee’s responsibility to cancel hotel reservations by the required deadline. If the cancellation is made directly with the hotel, employees must request a cancellation number. “No Show” charges will not be reimbursed by the company.

3.3.3.4 Hotel Loyalty Programs

3.3.3.4.1 Participation in any hotel loyalty program must not influence the traveler’s selection of supplier, hotel or room type. If the traveler chooses to upgrade accommodations, any additional cost will be at the expense of the traveler and will not be reimbursed by the company. Any discount/points accumulated by an employee on business travel, will remain the property of the traveler.

3.3.3.5 Theft of Personal Property Items while on Company Business

3.3.3.5.1 Employees are cautioned against traveling with valuable or unnecessary personal items. Use hotel safes where they are available. The company will not be responsible for personal property lost or stolen while traveling on business.

3.3.4 GROUND TRANSPORTATION

- Employees are expected to use the most economical mode of transportation appropriate under the circumstances. **Receipts are required for all transportation expenses.** Local modes of transportation should be used wherever possible. Taxi cabs are acceptable; however, consideration should be given to the use of less costly local ground transportation services such as busses, subways, rental cars, hotel shuttles, or local airport shuttles.

3.3.4.1 Rental Cars

3.3.4.1.1 **Preferred Rates & Vendors** - OrthoPediatrics has negotiated discounts with them and they should be used to obtain the best discounts. If a rental will be for seven days or longer, a weekly rate should be requested.

3.3.4.1.2 When using a rental car it is the responsibility of the traveler's to make their own accommodations. The standard class of rental is an intermediate/mid-size vehicle. Rental of full size vehicles or SUVs should only be used to accommodate three or more people or when the intended use requires it (i.e. promotional materials, equipment, etc.). Travelers are to accept CDW (Collision and Damage Waiver) insurance but decline all other offers of additional insurance for business travel.

3.3.4.2 Accidents

3.3.4.2.1 The reporting of all damage to rental vehicles is required regardless of whether other vehicles are involved. Collisions with animals, fence posts, gates, debris from highway, vandalism, etc. will require immediate notification as described below.

3.3.4.2.2 All vehicle accidents (leased, owned or rented) require immediate reporting to the immediate Supervisor/Manager and the HR Department. If the accident involves other vehicles, be sure to obtain: Drivers/owner(s) name, license plate numbers, insurance carrier(s), drivers' license numbers, names and addresses of witnesses. All incidents involving other vehicles and/or other drivers or pedestrians, must be reported within 24 hours even though visible damage or injuries may not be evident.

3.3.4.3 Taxi

3.3.4.3.1 Where airport shuttles or buses are not available, a taxi is often the most economical and convenient mode of transportation. The use of taxis is preferred over rental cars, but the employee must use their judgment. **Note:** Limousines are allowable only when the service costs are no more than other available ground transportation.

3.3.4.4 Personal Car Use / Mileage

3.3.4.4.1 Employees may utilize personal cars for business travel when other transportation is unavailable or uneconomical. The company will reimburse the traveler for mileage based on the current US Federal tax rate when traveling on Company business in their own automobile, and other out of pocket expenses, such as tolls and parking fees. This mileage allowance is intended to cover all automobile operating expenses, including repairs, gas, oil, worn or flat tires and insurance. Therefore, these operating costs are not reimbursable under any conditions.

3.3.4.4.2 Travelers utilizing private vehicles for company business are responsible for providing primary vehicle insurance coverage. The Company will not be responsible for damage of any kind to the employee's vehicle.

3.3.4.5 Parking/Tolls

3.3.4.5.1 The costs of parking fees incurred on company business are reimbursable. Acceptable parking charges include fees charged at hotels, offices visited, and airport parking lots. Receipts are required for charges over \$5.

3.3.5 MEALS AND ENTERTAINMENT

3.3.5.1 **Employee meals** are defined as meal expenses incurred by the traveler when dining alone, or with another employee, on an out-of-town overnight business trip.

3.3.5.2 **Business meals** are defined as meal expenses incurred with suppliers, distributors, healthcare professionals, non-healthcare professional consultants, and or other business associates during which a specific business discussion takes place. **Business meals with a Healthcare Professional shall be in accordance with AdvaMed Guidelines.**

3.3.5.3 **Healthcare Professional(s)** is defined as an individual or entity : 1) which are involved in the provision of healthcare services and or items to patients; and 2) which purchase, lease, recommend, use, arrange for purchase or lease of, or prescribe the Company's products. The phrase Healthcare Professional includes both persons providing services (such as licensed physicians) and persons who do not provide services directly but who are involved in the decision to purchase, lease, or recommend the Company's products. Examples of healthcare professionals include, but are not limited to, physicians, physician assistants, nurses and purchasing personnel.

3.3.5.4 **Entertainment expenses** are associated with employees and or suppliers, distributors, non-healthcare professional consultants and or other business associates for activities such as theater and sporting events for the benefit of the business associate(s) and the Company. Such expenses are reimbursed only if they are directly related to the active conduct of business or are necessary to accomplish Company business. **The Company shall not provide or pay for any entertainment or recreational event or activity for any non-employee Healthcare Professional or Government Official.**

3.3.5.5 **Government Official is defined as** (i) any elected or appointed official of any domestic or foreign federal, state, local or municipal government (including, e.g., presidents, ministers, royalty, members of parliaments or legislatures, governors, mayors, etc.); (ii) directors, officers or employees of any rank or level of a domestic or foreign governmental institution, department, agency, or instrumentality, including government-owned or controlled commercial enterprises; (iii) directors, officers, or employees of a public international organization (e.g., bodies affiliated with the United Nations, the World Trade Organization and the European Union); or (iv) domestic or foreign political parties or their officials, as well as candidates for political office in any jurisdiction.

- **All employees are required to submit itemized receipts for all meals. Folio or “tear-away” stubs are not considered proof of expenditures.**

3.3.5.6 Employee Meals

3.3.5.6.1 The Company will reimburse employees for the reasonable cost of business meals. **The check must be paid and reported by the senior ranking member of the group,** using the Expense Report to record the necessary information for IRS compliance. Please refer to the IRS Requirements section for the proper documentation needed for reimbursement. The maximum daily meal expense for breakfast, lunch and dinner, including tips (not to exceed 20%), should not exceed the amount per the below schedule. All itemized receipts must be attached to the expense report.

- Per Diem allowance, high cost metropolitan area: \$85
- Per Diem allowance, all other areas: \$65

3.3.5.7 Business Meals

3.3.5.7.1 The Company will reimburse employees for the reasonable cost of business meals when they

are “directly related to” or “associated with” the active conduct of business. **The check must be paid and reported by the senior ranking member of the group**, using the Expense Report to record the necessary information for IRS and AdvaMed compliance. Please refer to the IRS Requirements section for the proper documentation needed for reimbursement. The maximum daily meal expense for breakfast, lunch and dinner, including tips (not to exceed 20%), should not exceed the amount per the below schedule. All itemized receipts must be attached to the expense report.

- Per Diem allowance, high cost metropolitan area: \$85
- Per Diem allowance, all other areas: \$65

3.3.5.8 The actual cost of offsite staff lunches or dinners may be reimbursed provided there is a definite business reason and approval of the department supervisor.

- **Business meal expenses require an itemized receipt and credit card receipt regardless of the amount.**

3.3.5.9 Entertainment

3.3.5.9.1 A business discussion must take place immediately before, during, or immediately after the activity. The employee and business associate must attend entertainment activities together. Best business judgment must be exercised to be reimbursed. **The check must be paid and reported by the senior ranking member of the group**, using the Expense Report to record the necessary information for IRS compliance. Please refer to the IRS Requirements section for the proper documentation needed for reimbursement. Entertainment expenses require an itemized receipt regardless of the amount. **However, the Company shall not offer, or provide for any entertainment or recreational event or activity for any non-employee Healthcare Professional or Government Official.**

3.3.6 IRS Requirements

3.3.6.1 To be in compliance with IRS regulations, the following information must be included on the expense reports as support for all business meals and entertainment expenses:

- Name, title and company of all attendees;
- Name and location of establishment where event took place;
- Amount and date of expense;
- Specific business topic discussed;

3.3.7 INCIDENTALS

3.3.7.1 Laundry

3.3.7.1.1 Expenses for laundry and dry cleaning are only allowed when an employee is required to remain out of town continuously for more than 7 business days. Receipts must be attached to the expense report.

3.3.7.2 Tips

3.3.7.2.1 Tips should only be paid in accordance with the local custom and practice of the location you are visiting. Tips to porters, skycaps, bellhops and service personnel are reimbursable provided the tips are reasonable. Standard tip is \$1 per bag.

3.3.7.3 Credit Card Annual Fee Reimbursement

3.3.7.3.1 The Company will reimburse 1 (one) annual credit card membership fee up to \$100 per year.

3.3.8 SPOUSE/ COMPANION TRAVEL

3.3.8.1 The company will not reimburse travel and entertainment expenses incurred by a spouse or other individual accompanying an employee on business unless:

- There is a bona fide business purpose for taking the spouse or other individual;
- The spouse or companion is a company employee and on company related business; or
- The expense incurred would otherwise be reimbursable.

3.3.8.2 Prior Approval is obtained from the CEO/CFO stating the circumstances and specific business necessity of the spouse/companion's presence. The original approval must be attached to the expense report.

3.3.9 COMBINED BUSINESS AND PERSONAL TRAVEL

3.3.9.1 Combined business and personal travel is acceptable when employees pay the incremental cost. Business trips should not be planned solely for the purpose of facilitating personal travel. When combining travel, employees must have prior approval from the CEO/CFO.

3.3.9.2 Reimbursements to the employee will be based on the cost provided. Employees are responsible for fully documenting the allocation between personal and business expenses.

3.3.9.3 If travel is primarily for personal purpose and business objectives are accomplished, employees may be reimbursed **only** for expenses directly attributable to business. Basic transportation, lodging and other costs **are not** pro-ratable or reimbursable.

3.3.10 COMPANY RECOGNITION ITEMS

3.3.10.1 The Company may provide items such as plaques, certificates, cash or cash equivalent or an item of good having any monetary value provided to employees, distributors, non-employee representatives, agents, **non-Healthcare Professional consultants**, contractors and other parties acting, communicating or doing business on the Company's behalf, provided those items are given to recognize accomplishments, achievements, and or to improve a working relationship or build business morale. Moreover, all applicable Company representatives, including but not limited to Company employees, shall adhere to the Company's Anti-Corruption Policy.

3.3.11 EXPENSE REPORTING PROCESS

3.3.11.1 Cash and/or Personal Credit Card Expense Reports

3.3.11.1.1 Expenses must be submitted for reimbursement within thirty (30) days of the date in which the expense was incurred. All reported expenses must be supported by itemized receipts and must be for valid business related expenses. Payment will be remitted directly to the employee.

3.3.11.1.2 All employees are required to use Concur travel online system at <https://www.concursolutions.com/>. This system is design to comply with company, IRS, and AdvaMed policies. It is the responsibility of the traveler to submit all required documentation and receipts into the Concur system, particularly specific surgeon's names for related expense. It is the responsibility of your manager to review the expense reports in depth prior to approval. All reports with math errors, or improper supporting documentation, will be returned to the employee. The Accounting Department will only be responsible for correcting general ledger coding. Expense reports without receipts, proper math calculations, and other mistakes will be returned unprocessed to the employee.

3.3.11.1.3 The company incurs additional charges for each submitted expense report. It is the responsibility of the traveler to use their best judgment in limiting the number of expense reports submitted. In most cases one or two per month should be sufficient.

- **The Accounting Department will only process payment of expense checks for expense reports free of all errors with proper approvals by the Manager.**

4 RETENTION

4.1 This Document is maintained by the Head of the Finance Department.