

CASTLE BUILDING CENTRES GROUP LTD STATEMENT of POLICY and PROCEDURE			
Manual:	Finance and Accounting	No.	
Section:	Purchasing Cycle	Issued:	Nov. 15, 10
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1 POLICY

- 1.01 This policy statement provides guidelines and establishes procedures for employees and directors who incur business travel and entertainment expenses on behalf of Castle Building Centres Group Ltd. "Castle".
- 1.02 Expenses incurred on company trips should be consistent with normal living standards, being neither excessively conservative nor excessively luxurious. Those who are in any doubt as to the appropriateness of a specific travel expense should consult with their manager for guidance.
- 1.03 Corporate credit cards are not to be used for personal or non business expenses

2 STATEMENT OF CORPORATE ETHICS

Castle is committed to conducting its business in accordance with applicable laws, rules and regulations, and the highest standards of business ethics, and to full and accurate disclosure in compliance with applicable laws, rules and regulations. This Code of Ethics applies to all directors, officers and employees of the Company.

As a director, officer or employee of the Company, you must not only comply with applicable laws, rules and regulations; you also must engage in and promote honest and ethical conduct and abide by the policies and procedures that govern the conduct of the Company's business. Your responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance, and, in the case of directors and officers, maintaining a work environment that encourages employees to raise concerns to the attention of management and promptly addressing employee compliance concerns.

3 PURPOSE

- 3.01 The purpose of this Statement of Policy and Procedure is to:
- provide guidance to management, directors and employees who travel on company business
 - ensures consistency and fair treatment of travel and reimbursable expenses

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- to safeguard the assets of Castle
- ensure compliance with CCRA regulations is maintained

4 SCOPE

4.01 The Travel and Expense Guidelines policy applies to anyone who incurs travel or entertainment expenses paid by Castle regardless of the source of funds.

5 RESPONSIBILITY

5.01 Every employee travelling on company business is responsible for:

- Behaving as a representative of the company at all times
- Following company procedures and guidelines for expenses
- Spending Castle funds prudently
- Retaining all original receipts, which should include name of supplier, date of purchase, details of purchases, GST/HST/QST amount paid and registration number.

Castle claims an input tax credit on all credit card transactions. To support the HST – ITC, “detailed receipts” must be kept for seven years for review by Canada Revenue Agency’s (CRA) auditors. The meaning of “detailed receipt” for credit card transactions under the GST requirements includes the credit card slips and:

- Where a credit card slip is issued alone, the supplier’s HST number and HST/GST amounts must be shown on the credit card slip. The credit card slip must be supplemented by details and explanations of the charges.
- Where the credit card slip is issued in conjunction with another document, the other document (listed below) must be kept with the credit card slip:
 - The actual cash register tape from the vendor.
 - The sales invoice; and/or

The consequence of not submitting original “detailed receipts” with the monthly expense report could be disallowance of Castle’s HST input tax credit claim by CRA as well as possible personal income tax assessment to the cardholder if the expense is deemed a non-business expense by CRA. The final responsibility for satisfying CRA

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that all expenses are strictly work related and are not personal in nature rests with the employee.

When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required on the travel expense report.

- 5.02 Operating department managers are responsible for:
- Reviewing and approving all travel expenses submitted by the travelling employee
 - Ensuring travel expenses were incurred while conducting Castle business
 - Providing guidance to employees regarding appropriate types and levels of expenses
- 5.03 The Finance Department is responsible for:
- Ensuring that travel expenses are properly authorized
 - Ensuring that travel expenses submitted comply with corporate policy
 - Ensuring totals are correct
 - Supporting documentation and receipts are attached
 - Business purpose is identified

6 PROCEDURES

6.01.1 Airline Class of Service

All domestic air travel must be in economy class. If there are unusual circumstances, which may require Business Class, it must be approved by the President.

When it is necessary to use Business Class, a letter of explanation approved by the President must accompany the Expense Report.

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6.01.2 Booking

Airline reservations if possible should be booked at least 14 days in advance.

Travellers should make arrangements where Castle can achieve the greatest value.

6.01.3 Cancellations

When a trip is cancelled after the ticket has been issued, the traveller should inquire with the travel provider about using the same ticket for future travel. Certain airline tickets can be reused if airfare eligibility requirements are met. Whenever possible, revalidation stickers should be secured from the issuing travel agency for future use.

6.01.4 Unused/Voided Airlines Tickets

Unused airline tickets or flight coupons should never be discarded or destroyed as these documents may have a cash value. Unused or partially used airline tickets should be returned immediately to the travel provider that issued the ticket.

6.01.5 Price advantages for staying over into a Weekend

Many airlines offer deep discounts for travellers willing to return on a Saturday or Sunday. Where this discount is to the overall advantage to the company, the employee has the option of taking advantage of the discounts. In these cases, normal meal and lodging expenses will be considered reimbursable. The supervisor must approve these arrangements in advance.

6.02 Lodging

6.02.1 Castle will not reimburse for the following personal expenses incurred:

- Room service charges (except for normal meal expenses)
- In-room movies, video rentals
- In-room alcoholic beverages
- Baby-sitting
- Recreational activities

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6.02.2 Upgrades

Travellers are entitled to stay in a single room. Upgrades to suites or executive floor rooms are permissible only if there are no additional costs to Castle and should be explained on the Travel Expense report. With prior approval, travellers may stay in a suite if required to conduct business (i.e. meetings, interviews, etc.)

6.02.3 Spending Guidelines

Castle will reimburse an employee for hotel expenses incurred for business purposes. Travelers are expected to use negotiated or preferred rates whenever possible. Tips for hotel staff are reimbursable when confined to reasonable limits, as determined by the services required and received. Room service is reimbursable when confined to reasonable limits as determined by the meals guidelines. (Refer to the Meals and Entertainment section.)

6.02.4 Cancellation Procedures

It is the traveler's responsibility to notify the hotel to cancel a room reservation.

Travelers should request and record the cancellation number and the name of the person responsible for the cancellation in case of billing disputes.

Travelers will be held responsible and will not be reimbursed for "no-show" charges unless there is sufficient proof that the billing is in error. Exceptions require the approval of the Controller.

6.03 Rental Cars

When traveling on Castle business, travelers are authorized to rent cars up to and including the midsize/intermediate class size. Upgrades are permissible when approved by manager. If approval is not obtained, travelers are responsible for daily rental costs in excess of the approved car class.

6.03.1 Rental Car Guidelines

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Travelers may rent a car to their destination when:

- Driving is more convenient than airline or rail travel
- Driving is necessary to transport large or bulky material
- Travelers may rent a car to their destination when it is less expensive than other transportation modes such as taxis, airport limousines, and airport shuttles

6.03.2 Rental Car Insurance – Canada and the U.S.

Employees traveling on Castle business should decline the collision damage and personal accident insurance, and any liability insurance. This liability is covered under Castle's insurance coverage.

Insurance Coverage for Personal Use of Rental Car

Personal use of a rental car during a business trip is not covered under the Castle's insurance. Travelers who choose to extend a business trip for personal reasons either before or after business must enter into a new car agreement, separate than the one entered into for Castle's business trip. The insurance coverage for personal use is not reimbursable by Castle.

6.03.3 Personal Car Usage Guidelines

Employees may use their personal car for business purposes:

If it is less expensive than renting a car, taking a taxi or alternate transportation

It the personal responsibility of the owner of a vehicle being used for business to carry adequate insurance coverage for their protection and for the protection of any passengers.

6.03.4 Reimbursement for Personal Car Usage

Travelers will be reimbursed for business usage of personal cars at the prevailing rates set by Castle. Tolls and parking fees are also reimbursable expenses that require proper receipts.

Expense reports submitted for reimbursement are to include the following information:

- Purpose of the trip
- Date and destination
- Number of business kilometres driven
- Receipts for tolls and parking

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Castle will not reimburse travelers for the following, even if these costs are incurred during business travel:

- Personal car repairs
- Rental car costs during repair of personal car (unless on Castle business)
- Tickets, fines, or traffic violations
- Annual membership dues in automobile clubs

Commuting Expenses

Employees will not be reimbursed for commuting expenses between home and the employee's business location. However, employees reporting to a location other than their normal business location will be reimbursed for mileage in excess of their normal commuting distance.

6.04 Meals and Entertainment

6.04.1 Personal Meals

Personal meals will be reimbursed according to actual expenditure to a maximum of \$50.00 per day. Original receipts for all meals must be provided.

6.04.2 Alcoholic Beverages

The use of alcohol for business entertainment purposes should be kept to a minimum.

6.04.3 Meals & Entertainment

Executives and employees may be required to participate in entertainment activities such as meals, social events, client golf tournaments and the like. The company will reimburse the employee if the person(s) entertained has a potential or actual business relationship with Castle and the business discussion will benefit Castle. The expense report must include the names of business affiliations of those present.

6.05 Other Expenditures

6.05.1 Telephone calls

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Travellers will be reimbursed for telephone calls home of a reasonable duration, telephone calls to the office and telephone calls with clients or business contacts.

6.05.2 Laundry & Valet Services

Laundry and valet services are reimbursable if the trip is of duration of a minimum of 5 days.

6.05.3 Travelling with Spouse or Guest

Castle will not reimburse additional expenses related to travelling with a spouse or other guest.

6.06 Gifts in Lieu

(a) When an employee travelling on company business has an opportunity to lodge with a friend or relative and in doing so will reduce the overall cost to the company; a gift in lieu may be purchased at company expense. Gifts are expected to be symbolic in nature and minor in cost.

6.07 Frequent Flier points

(a) Employees may participate to personal advantage in frequent flier programs so long as all decisions regarding carriers are made first with due regard to the best available flight prices and times.

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