

# InRule Technology, Inc

## Internal Control Policies

Effective Date: 09/25/2019

A - Approved: Must approve/agree to the decision, has a veto right and can force development of new or alternative options for

I - Inform: Must be informed of the decision taken - may be consulted for input by Recommend lead as appropriate

	Approvals Required By:				
	Manager	Department Head	VP Finance	CEO	OGC Operations
<b>Financial</b>					
All non-inventory purchases (Requisitioned or invoiced, assumes a budgetted item)					
\$0-\$5,000	A		I		
\$5,001-\$20,000		A	I		
\$20,001-\$50,000			A		
>\$50,000				A	I > \$100K
Inventory Purchases					
\$1-\$100,000	A				
\$100,001-\$350,000			A	I	
>\$350,000			I	A	I
*Approval limits assume inventory is purchased according to a forecast approved by Sales and Operations.					
Vendor Payments					
Check Runs			A	A <sup>(1)</sup> /I	
Individual payments, non-recurring, outside ordinary business <\$50,000			A	A <sup>(1)</sup> /I	
Individual payments, non-recurring, outside ordinary business >\$50,000			A	A <sup>(1)</sup> /I	
Individual payments >\$500,000				A	I / A > \$100K
Capital Expenditures					
Budgeted \$1-\$5,000		A	I		
Budgeted \$5,001-\$100,000			A		
Budgeted > \$100,000				A	I
Unbudgeted Cap Ex. < \$50K				A	
Unbudgeted Cap Ex. > \$50K - \$150K				A	I
Unbudgeted Cap Ex. > \$150K				A	A
NOTE: non-budgeted Expenditures require minimum Director/Dept Head Approval					
<b>Sales Orders</b>					
Product Sales Quote (inc line items on combined quote)					
Set pricing policy and price list				A	
Discount to standard price <10%			A	I	
Discount to standard price >10%				A	
Credit Terms					
New				I/A > \$100K	
Special Terms (I.e > 45 days<60)			A	I	
Special Terms (I.e > 60 days)				A	
<b>Marketing</b>					
Public Announcements (Press Releases-General)				A	A - All referencing OGC
Public Announcements (Press Releases-New Products)				A	A - All referencing OGC
Use of Company Names/Logos				A	
Interviews with media				A	
Trade Shows (annual exhibition plan)				A	
Advertising (campaign)				A	
<b>Product Management</b>					
Warranty Terms (Product Liability - Non Standard)				A	
Patents & Trademarks (filing)				A	
Patents & Trademarks (maintenance)				A	

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		Approvals Required By:				
		Manager	Department Head	VP Finance	CEO	OGC Operations
<b>Human Resources</b>						
	Policies and Procedures (Manual)				A	
	Replacements <\$100,000 & within 5% of incumbent				A	
	Replacements >\$100,000				A	
	New Hires Budgeted <\$75,000				A	
	New Hires Budgeted >\$75,000				A	
	New Hires Not Budgeted >\$1				A	I > \$100k
	New Hires if operating below planned EBITDA target (contractors follow same process)				A	
	Other HR Related Expenditures (relocation, recruitment, etc.)			A	I	
	Employee Terminations		A	I	I	I
	All Severance Payments above Company Policy				A	I
	Compensation:					
	Sales Commission Agreements		I	I	A	
	Sales Commission Targets				A	
	Special Bonuses, all		I	I	A	
	All Leadership Team Employment Matters				A	A
	All Employment Contracts				A	A - All Leadership Team
	All Union/Labor Related Matters				A	I
	All MIP-related Matters				A	A
	All matters involving equity or change of control					A
<b>Travel</b>						
	Travel policy Implementation/Changes				A	
	Travel Advances			I/A > \$5K		
<b>Contracts (incl. third party suppliers)</b>						
	General operating contracts:					
	Customer		A		I -> \$100K	
	Lease (facility or equipment)			A	I -> \$100K	I > \$250K
	Agent/Distributor Agreements		I	I	A	A
	Consultant / Professional Services			A		A - Note 1
	All other contracts			A		
	All other contracts > 2 yrs in duration			A	I	A
	Loan Agreements or any incurrence of indebtedness or guarantee			I	A	A
	Purchase and Sale Agreements (Acquisitions/Divestitures)			I	A	A
	IP License or Cross License (exc. software and hardware)			I	A	I
	Software and hardware			I	A > \$50K	
	Contracts containing non-compete			I	A	A
	Agreements relating to the potential issuance of securities			I	A	A
	Investment banking or similar engagement agreements			I	A	A
	Agreement requiring consent for change in control, unless immaterial			I	A	A
	Agreement relating to insurance outside OGC program			I	A	A
	Any agreement not terminable at will on 90 days notice			I	A	A
<b>Reserves</b>						
	Accounts Receivable			A	I	
	Inventory			A	I	
	Other			A	I	

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<b>Tax</b>					
Letter of Engagement for Outside Tax Counsel			A		A
Filing of Income tax returns – federal, state, local and foreign			A		A
Notice of Tax Examinations			A	I	A
(Customs)			A		A
(income, payroll, sales / VAT, and property)			A		A
Settlement of Tax Examinations - for all tax examinations			A		A
Tax Provision for Audited Financial Statements			A		A
Material Tax Elections			A		A
Transfer and Cross-Charge Agreements			A		A
Tax Sharing Agreements			I	A	A
Penalty or tax payments (excluding Sales and Use Taxes, and Payroll Taxes)			I	A	A
<b>Treasury</b>					
Signatory on Bank Accounts			I	A	A
LOC, Bank Guarantees, Bank Fees			A		A
Overdrafts on Current Accounts			A		
<b>Other</b>					
Initiate or settle litigation or gov't or regulatory actions			I	A	A
Charitable contributions			I	A	A
Political contributions			Not allowed		
Accounting & controllers manual (policies)			A	A	I

Note 1 - Professional Services Contracts >75k/yr or >5 yr term require OGC approval.

A<sup>(1)</sup> Approval by CEO in absence of VP Finance