

# Sargeant & Greenleaf

## Internal Control Policies

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

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

	Approvals Required By:						
	Dept Manager	Plant Mgr (C. Saunders)	Controller (B. Callihan)	CFO (S. Tonkel)	CEO (M. LeMire)	OGC Operations	BOD
<b>Financial</b>							
All non-inventory purchases-Plant(Requisitioned or invoiced)							
\$0-\$10,000		A					
\$10,001-\$50,000			A				
\$50,001-\$150,000				A			
>\$150,000					A	I	
All non-inventory purchases-SG&A (Requisitioned or invoiced)							
\$0-\$10,000			A				
\$10,001-\$50,000			A				
\$50,001-\$150,000				A			
>\$150,000					A	I	
Inventory Purchases							
\$1-\$10,000	A						
\$25,001-\$350,000	A	I					
>\$350,000					A	I	
*Approval limits assume inventory is purchased according to a forecast approved by Sales and Operations.							
Vendor Payments							
Check Runs			A				
Individual payments, non-recurring, outside ordinary business <\$50,000			A				
Individual payments, non-recurring, outside ordinary business >\$50,000			A	I			
Individual payments >\$500,000					A	I	
Capital Expenditures							
Budgeted \$1-\$25,000			A				
Budgeted \$25,001-\$100,000				A	I		
Budgeted > \$100,000					A	I	
Unbudgeted Cap Ex. < \$50K					A		
Unbudgeted Cap Ex. > \$50K <\$250K					A		
Unbudgeted Cap Ex. > \$250K					A	I	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				A			
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	I - All referencing OGC	A - All referencing OGC
Public Announcements (Press Releases-New Products)					A	I - All referencing OGC	A - All referencing OGC
Use of Company Names/Logos					A		
Interviews with media					A		
Trade Shows (annual exhibition plan)					A		

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Advertising (campaign)					A	
<b>Product Management</b>						
Warranty Terms (Product Liability - Non Standard)					A	
Patents & Trademarks (filing)	A			I	I	
Patents & Trademarks (maintenance)	A					
<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				I	I	
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	
Employee Terminations					A	I
All Severance Payments >1 Week Per Year (policy)					A	I
Compensation:						
Sales Commission Agreements					A	
Sales Commission Targets					A	
Special Bonuses, all					A	
All Leadership Team Employment Matters					A	I
All Employment Contracts					A	I - All Leadership Team
All Union/Labor Related Matters					A	I
All MIP-related Matters					A	I
All matters involving equity or change of control					A	I
<b>Travel</b>						
Travel policy Implementation/Changes					A	
Travel Advances				A	I	
<b>Contracts (incl. third party suppliers)</b>						
General operating contracts:						
Customer					A	
Lease (facility or equipment)					A	I > \$250K
Agent/Distributor Agreements					A	I
Consultant / Professional Services					A	I - Note 1
All other contracts				A	I	
All other contracts > 2 yrs in duration					A	I
Loan Agreements or any incurrence of indebtedness or guarantee					A	I
Purchase and Sale Agreements (Acquisitions/Divestitures)					A	I
IP License or Cross License (exc. software and hardware)					A	I
Software and hardware				A <=\$50K	I / A >\$50K	
Contracts containing non-compete					A	I
Agreements relating to the potential issuance of securities					A	I
Investment banking or similar engagement agreements					A	I
Agreement requiring consent for change in control, unless immaterial					A	I
Agreement relating to insurance outside OGC program					A	I
Any agreement not terminable at will on 90 days notice					A	I
<b>Reserves</b>						
Accounts Receivable			A	I	I	
Inventory			A	I	I	

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

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