

# CORPORATE GOVERNANCE POLICIES

**CANNPAL ANIMAL THERAPEUTICS LTD (Company)**  
**ACN: 612 791 518**

EXPENSE POLICY



## EXPENSES POLICY

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### 1. INTRODUCTION

This Policy applies to all employees and officers of CannPal when they travel for business purposes or incur business-related expenses. This document is intended to be used as a guideline when submitting expenses, in agreement with Australian legislation and GST requirements.

**Board approval is required before travel and accommodation expenses are incurred by officers. Budget or cash flow constraints will be the primary consideration in determining whether approval will be granted.**

#### 1.1 What is expected

When you incur or submit expenses we expect you to:

1. Behave honestly, responsibly, and within the guidelines of this policy
2. Submit expenses within 30 days of incurring them (to help you get paid more quickly and support our financial reporting)
3. Keep all your receipts and provide GST receipts whenever possible

#### 1.2 Clarifications

1. The CEO should authorise all expenses up to \$2000, pursuant to expenses in Table 3 of this schedule, but if it's not possible, the Chairman or Chief Financial Officer may also approve expenses.
2. If you're travelling/incurring expenses with other CannPal employees, advisers, consultants or officers, the senior person should always pay.
3. If you are in doubt whether an expense is in policy – ask the CEO and, when you submit the claim, provide written documentation as required

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### 2. TRAVEL

This travel section of the policy covers the various ways in which we think people at CannPal are likely to travel in the normal course of business. If you are travelling in a way that is not covered by this policy or have questions that are not answered here, talk to the CEO and include a note with your expense claim when you submit it.

The policy includes information about how and when you should travel by car, air, train and taxi. We have a commitment to sustainable travel options as well as the importance of choosing the lowest-priced logical method of transport available at the time. It is acceptable to use taxis over public transport only when there is a valid reason regarding distance, limited alternatives, medical reasons, time and the carriage of equipment - or by prior approval.

The cost and travel class for all travel to International destinations to serve in the Company's best interests must be approved by the board. As a general rule business class can be used travelling for any destinations over 6 hours in length however it's expected that cost effective travel options should be taken into consideration when booking with an airline and it's expected that you act in the best interest when seeking travel arrangements and the lowest-priced logical choice should always be chosen.

All interstate travel should be booked in standard/economy class. You are welcome to use your own loyalty schemes, as long as this does not prevent you from booking the lowest-priced logical choice available.

Personal travel may be combined with business, as long as there is no additional cost to the Company.

The following travel-related expenses are acceptable and CannPal employees, advisers, consultant and officers will be reimbursed for the following expenses

- (a) Baggage (no more than 2 bags) and advanced-seat booking
- (b) Parking
- (c) Foreign currency charges
- (d) Visas
- (e) Tips (up to 12% - This does not apply if the tip has already been included in the bill)
- (f) The hire/use of GPS with hired cars for road travel
- (g) Vehicle rent where it becomes more economical than transport

The following travel-related expenses are not acceptable and will not be reimbursed:

- (a) Laundry service/dry cleaning (Unless you have stayed for business for more than 4 nights)
- (b) Mini-bar contents
- (c) Movies/videos
- (d) Parking fines
- (e) The loss/theft of goods
- (f) Childcare
- (g) Petcare
- (h) Any personal elements of your business trip
- (i) Personal car maintenance, or damage to personal vehicles on business
- (j) Spa treatments and health/fitness clubs

- (k) Toiletries

## **1.1 Accommodation**

- (1) When booking hotels we expect you to use discretion in your choice of hotels.
- (2) The maximum we will normally reimburse per night is \$300 + GST (Depending on region). This does not include meal costs and authorisation for more must be granted in writing by management, or if the CEO, by the board.
- (3) You are responsible for all hotel cancellations and for reclaiming reimbursements (less cancellation fees) from the hotel directly
- (4) You must always indicate your overnight accommodation location so we can comply with Duty of Care requirements. Please ensure that you do so via email to the CEO and Chairman.
- (5) You are entitled to upgrade your room while travelling on business, however you won't be reimbursed beyond what was the agreed amount for accommodation and should be at your own expense

## **1.1 Food & Entertainment**

It's accepted that entertainment in some instances is a part of generating future business for the Company and it's expected that food is necessity that will be reimbursed. The following conditions are allowed

- (1) The Company will reimburse employees, advisers, consultants and officers for all meals whilst travelling – which is up to \$20 for Breakfast or Lunch and up to \$35 for Dinner.
- (2) Client meals/entertainment costs may be higher. All entertainment claims must include the following details: business reason, venue name and location, name and company of all attendees.
- (3) Alcoholic drinks may be claimed with meals and a maximum of 2 drinks per person may be reimbursed if outside of a meal.

## **1.2 Other expense claims**

The following expenses are acceptable and CannPal employees, consultants, advisers and officers will be reimbursed for them:

- (1) Hotel internet fees
- (2) Postage for business purposes
- (3) Person phone calls
- (4) Data Roaming packs to allow for internet (For international travel only)

### 1.3 GST Reclaim

Please ensure that all expenses are supported by a valid GST receipt (unless this is impossible) for any purchases over \$10.

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### 3. CEO EXPENSE DELEGATION

The CEO is authorised to approve expenditure in accordance with defined limits (appended), as discussed and approved by the board in the annual budget, and in compliance with the board's policies and corporate standards.

The guiding principle for the CEO to consider when approving expenditure is that the expenditure must:

- Be for official purposes
- Be properly documented
- Be available for scrutiny by the board and internal and external audit
- Appear reasonable
- Expenditure must be properly documented and substantiated

The following table represents the limits conditions for payments authorised by the CEO.

Financial Activity Delegation	Limit/Condition
Make payment of approved budgeted operating expenses.	<ul style="list-style-type: none"><li>• Costs/payments and expenses of \$200 or below can be authorised by CEO;</li><li>• Costs/payments between \$200 and \$2,000 may be authorised by the CEO if it is deemed an operational expense, but has not been approved prior</li><li>• Costs/payments above \$2,000 require CEO plus the approval of the Chief Financial Officer, or Company Secretary</li></ul>
Make payments for ad hoc board approved projects/capital expenditure.	As above and in addition full board approval for new project/capital expenditure required in advance.
Negotiate and make payments for contracts with service providers/consultants	As above and in addition full board approval for all contracts where anticipated annual expense will exceed \$2,000.
Make payment of general operating costs	CEO has authority to incur costs and make payments of \$200 or below at his discretion, as long as it is in the best interests of the Company.
All transfers between accounts	The CEO and The Company Secretary must authorize any transfers between the Company's holding accounts to expenditure

	accounts and must also be approved in advance.
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### 3.1 Personnel Payments

The Company has established an account for ongoing personnel expenses, including Board fees, Consultants, Advisers and Employee's.

The CEO and Board have given permission to the Company Secretary to pay these ongoing expenses, only if the expense is documented in an ongoing agreement, or director/adviser consent. Any consultant fees, including expenses outside of the ongoing payment, must be approved by the CEO.

Funds are to be distributed into this account on a quarterly basis, so as to review the personnel expenditures and compare budgeted personnel costs against actual costs. The Board must approve the transfer of Payment into the personnel account.