



## **Global Mobility Policy**

Global employment assignments with Specialized are a unique opportunity for the company to promote the professional growth of employees while offering support to our subsidiaries.

The Specialized philosophy relative to compensation and benefits for global assignments is to keep the transferring employee as “whole” as possible. Specialized recognizes that many challenges arise with an overseas move, and aims to assist the employee in making the transition as smooth as possible.

Differing laws and accommodations in various countries influence aspects of policy implementation and do not enable this policy to fit 100% of situations. This policy is intended to create as much consistency as possible when offering global assignments, but individual situations may call for unique solutions.

### **Assignment**

The assignment of the transferring employee, or “Expatriate” (“Expat”) must be approved by both the home and host offices’ HR and relevant management. The host office will be responsible to allocate the necessary budget for the Expat’s relocation and compensation. For the purpose of this policy, Expat assignments are international assignments at least 12 months in length.

Once agreed upon by the home and host offices, the Director of HR will present the Expat with an employment offer, including salary, benefits, and job description. The length of assignment will be stated as clearly as possible in the offer.

Completion of the Expat assignment is based on the anticipated end date specified in the original offer; often dictated by employment visas. Alternatively, the assignment can be ended with a mutual 90-day notice period. In the event of an Expat’s voluntary termination from the company, the employee is responsible for household moving arrangements and expenses back to the USA. Involuntary terminations of an Expat employee will be treated on a case by case basis; HR will be responsible for the pre-approval of these expenses.

Upon successful completion of the assignment abroad, the Expat will be eligible for repatriation benefits in accordance with the repatriation and relocation sections of this policy.

When possible, it is preferred that an Expat leaving the US to work abroad will remain on the US payroll for payment of wage and other benefits. In certain circumstances, it may be necessary to pay the employee from the local payroll of the host country. In that event, a mutually agreed upon termination from the home company will be processed. The Expat will then be hired by the host office. As such, the Expat becomes eligible for all of the host office’s employee benefits, as allowed by law. In this event, the Expat will not lose any time in service in the US for purposes



of benefits vesting. HR, with input from a Finance Tax Specialist, will be responsible to coordinate between the two offices to determine the proper method for employment and payroll.

### **Employment Visas**

Expat employment assignments are contingent upon acquiring work authorization in the host country. In cooperation with each other, both the home and host offices will support the employee work visa application and resident visa applications for immediate family (spouse and children).

Specialized will support family resident visas only. Work authorization for family members is the responsibility of the Expat to obtain.

### **Compensation**

To establish an Expat's total compensation, the hiring manager will first work with HR to create a base salary offer. The salary will be established based on the grade and range for the position. HR will perform a standard cost of living comparison to determine a fair cost of living adjustment when necessary. HR will ensure a worksheet is completed calculating all applicable allowances.

### **Taxes**

When on assignment for Specialized the Expat will be required to pay all home country local and federal taxes, if any. Specialized will deduct from payroll the appropriate tax due whether on the home or host country payroll. The Expat will be responsible to provide to the company's designated tax consultant complete tax information on demand. The tax consultant will assist in filing home and host country tax returns at Specialized's expense. Any penalties assessed for the Expat's failure to timely submit the appropriate documents will not be reimbursed by Specialized.

The Expat will be eligible for tax equalization during the assignment. The program's intent is to approximate "no gain and no loss" on home-based taxes. As tax returns are completed, the company's designated tax consultants will calculate actual taxes due to both countries and the hypothetical tax the Expat would have paid to the US and state/local governments had the Expat not been on assignment. If the hypothetical tax calculated is less than actual tax paid, the Expat will owe Specialized the difference. If the actual tax is more than the hypothetical tax, Specialized will reimburse the Expat.

### **Travel Policy**



All travel and associated expense reimbursements related to preview trips, relocation, home leave, or business travel must be in accordance with the Specialized Global Travel Policy.

### **Preview Trip**

Specialized will pay for a preview trip for a potential Expat and their spouse. The preview trip will be up to 5 working days. The host company should arrange in advance an agenda for the trip to ensure housing, education, and lifestyle matters are addressed during the preview trip. Where possible, housing should be secured during the preview trip to limit temporary housing costs upon relocation.

### **Relocation**

In addition to the airfare to and from the assignment for the Expat and family, Specialized will provide a relocation allowance to assist with the move of household goods. HR will coordinate the reasonable amount of the allowance. In some situations, HR will also approve an allowance for home country storage expenses. Both the moving and storage expenses will be identified in the allowance worksheet and presented to the Expat at the time of the offer. Receipts for all relocation expenses must be retained and provided to HR. The host country will be responsible for the expense. A hotel will be paid for up to 30 days in both the host and home country (upon repatriation) while permanent housing is obtained.

### **Home Leave**

Expats and their immediate family residing with them are eligible for one home leave trip once every 12 months. All travel for home leave will be in accordance with the Specialized Global Travel Policy.

### **Housing**

The host company management will recommend appropriate housing for an Expat. Housing should be researched, and where possible, secured during the preview trip. Specialized will provide a reasonable allowance to account for the delta in housing costs when the host country housing is more expensive. This allowance will be based on a comparison of the Expat's US housing costs and the anticipated housing costs, for similar accommodations, in the host country. The allowance will be paid in the gross salary and taxed.

In some situations, leases or rental agreements are difficult for an Expat to obtain because of lack of credit history or other local references in-country. When necessary, the host company will help secure housing by way of supporting a lease or rental agreement. In the event the host company supports an Expat's lease or rental agreement, the Expat will be required to adhere to



certain terms related to housing support as part of the Expat's employment agreement with the host company.

### **Auto**

Specialized will pay for a rental car in the host country for up to 30 days. The Expat is responsible to make longer term auto arrangements beyond 30 days.

In rare cases where a company leased vehicle is made available to an Expat for work transportation, any personal use of the vehicle will be considered a taxable benefit.

### **Education**

In countries where the local school system is inappropriate or in an unfamiliar language, an international school, may be a fitting alternative. The host manager will assist the Expat in finding appropriate schooling. The delta between home and host country education expenses, to include registration and tuition fees, for an Expat's minor dependents will be supported by the company. Additional education expenses are the responsibility of the Expat.

Specialized will pay reasonable costs for foreign language classes for the Expat and spouse.

### **Benefits**

An international health insurance plan is available for Expats and their dependents in countries where local benefit resources are inadequate or unavailable. The Expat is responsible for a portion of the premium (see HR for rates). HR will coordinate enrollment with the Expat.

### **Retirement Benefits**

In the event the Expat must be terminated from the US payroll, the Expat will no longer be eligible to defer compensation or receive company match into the Specialized Profit Sharing/401(k) plan. Like any former employee, the Expat can maintain their account through the plan administrator during their assignment. If re-hired by Specialized USA, the Expat will again be eligible for the plan.

Expats who take advantage of foreign social retirement/pension plans should consult a tax advisor to understand the implications of such a plan. Specialized will follow all plan rules relative to roll-overs from foreign accounts into the Profit Sharing/401(k) upon return to the US.

If an Expat has transferred to a foreign payroll, each year, Specialized will pay to the employee a cash amount equal to the company match they would have received if they had stayed



employed in the US. No such payment will be made when the Expat takes advantage of local retirement benefits in the host country. Each situation will be evaluated by HR and benefit payment will be determined based on individual circumstances.

### **Profit Sharing**

An Expat will remain eligible for profit sharing regardless of their location. Any profit sharing amounts allocated to the Expat will be paid in the form of a cash bonus, “grossed up” to cover applicable taxes, and appropriate vesting percentage.

Since this amount is not contributed to the 401(k) account, the Expat may wish to contribute it to an IRA. HR will determine payment of this profit sharing on a case by case basis depending on individual circumstances, and reduced by any special perks or benefits received in the host country.

### **Vacation and Holidays**

Expats are entitled to the same local holidays as the host office employees. Any accrued, unused vacation time will be cashed out upon reassignment. Continuing accrual will be at the rate the host company offers and the Expat will be credited for time in service with the home company. Upon repatriation, accrued, unused vacation from the host company will be cashed out. New accrual, with credit for time in service, will begin again if the Expat returns to the home company.

### **Performance Appraisals**

The Expat will be eligible for performance and wage reviews in accordance with their offer letter, and host company procedures.

### **Repatriation**

The nature of employment continues to be at-will. Upon successful completion of the assignment, Specialized will assist Expats with their transition back to the home country. Relocation expenses will be paid by the company as outlined in the Relocation section of this policy.

As the completion of an Expat’s assignment approaches, Expats will be expected to coordinate with home country managers to identify a suitable return role. There is no guarantee a position will be available to Expats returning to their home country, but reasonable effort will be made for those Expats returning after successfully completing their assignment.



If re-employed in the US, the Expat will be credited with their length of service abroad for purposes of benefits.