



POLICY

Business & Travel Expense Policy

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DCN : OL 515 R0

Approved by : C. Schiebel



1. Policy Summary

It is the policy of Russell Standard Corporation and Hammaker East (and associated companies) to reimburse employees for reasonable and necessary expenses associated with approved business and travel expenses on behalf of the company.

Travelers seeking reimbursement should incur the lowest reasonable travel expenses. Employees are strongly encouraged to use travel web sites for discounts and/or corporate hotel rates when making trip arrangements. Reimbursement is allowed only when it has not been and will not be received from other sources or if the expense has not been charged to the company issued credit card.

This policy applies to all company employees. Managers may, at their discretion, impose greater control than required by this policy. This policy applies to all forms of reimbursement or payment requests. The same business purpose requirement must be met for all expenses submitted on an expense report, an invoice, a petty cash reimbursement request, a check request, or a company provided credit card.

Any exceptions to this policy must be approved in advance by the Controller, Chief Financial Officer (CFO) or other approved Company Executive. The Company assumes no obligation to reimburse employees for expenses that are not in compliance with this policy. Employees who do not comply with this policy may be subject to delay or withholding of reimbursement and/or disciplinary action.

2. Definition

Allowable Expense – A necessary, reasonable, and appropriate expense incurred for the primary benefit of company business.

Expense Report – The approval form for requesting reimbursement for employee business travel expenditures.

Necessary – Minimum purchase required to achieve a particular business objective.

Non-Reimbursable Costs – Any cost which is not considered to be business-related in accordance with the provisions of this policy or any other Company policy or procedure and therefore, no reimbursement to an employee will be made.

Reasonable – An expense that is ordinary and reflects a practical decision to incur the expense on behalf of Company business (i.e., the expense is not extreme or excessive).

Receipt Documentation – An itemized merchant receipt issued by the supplier to substantiate the business transaction including proof of payment.

3. Policy

All travelers and managers/supervisors bear responsibility for cost-effective business travel. Each manager should carefully review and approve all expense reports. Non-reimbursable items should be brought to the attention of the employee prior to submission to Accounting.

While these guidelines are intended to be comprehensive, it is impossible to anticipate every situation encountered by a traveler. The employee, is expected to apply these guidelines on a conservative basis, consistent with normal living standards and, to exercise good business judgment where the policy is lacking.

3.1 Authorization and Responsibility

Travelers must receive authorization from the employee's immediate supervisor that planned travel is eligible for reimbursement before making travel arrangements. An individual may not approve his/her own travel and/or business expense reimbursement. Authorizing signatures include the employee's immediate supervisor, Plant Manager, Division Manager, CFO, Chief Executive Officer (CEO), or President.

Upon completion of the trip or purchase of business expense, the employee must enter the transactions in the Company Credit Card Online System if employee has a company issued credit card (See Corporate Credit Card Policy) or paper expense report for employees that have not been issued a company credit card. The employee must submit the approved expense report along with all supporting documentation, which must include all original or copies of original receipts.

Designated approval authorities are required to review expenditures and discuss any questionable expenses with the employee if there is reason to believe that the expenditures are inappropriate.

i. Responsibility of the Employee

- Receive authorization from immediate supervisor that planned travel is eligible for reimbursement
- Provide supporting documentation and receipts
- Document business purpose
- Complete expense report within the month expense occurs

ii. Responsibility of the Authorized Reviewer

The authorized reviewer is responsible for ensuring that the expense was properly authorized and that the amounts spent are reasonable and in compliance with this policy. Additionally, the reviewer should verify the following:

- Only expenses approved by the policy are reimbursed
- Business purpose documented
- Totals are correct
- Supporting documentation and receipts are present

iii. Responsibility of Corporate Accounts Payable Department

Accounting will review the expense reports and return any expense report that is improperly completed or lacks supporting documentation. For expenses directly reimbursable, the accounting department is responsible to process payment to the employee within 10 business days of receipt of approved expense report. Corporate Accounts Payable is responsible for ensuring that all expenses are properly and accurately documented, including:

- Authorizing signatures present
- Correct supporting documentation and receipts are present
- Totals are correct

3.2 Documentation Requirements

A daily record of expenses is required. All items listed on the approved expense report should show the date, business location (city and state), name of individuals and/or customer or vendor (if applicable), and business purpose. Receipts must be attached for individual meals, entertainment, lodging, auto rental, cab fare, tolls, parking, and commercial travel. Original or copies of original receipts are required for processing (no exceptions).

All expense reports must be submitted by the employee to employees authorized reviewer, then reviewed and approved by the employee's authorized reviewer prior to submission to accounts payable for processing.

i. Documentation

Each employee is responsible for submission of their own expense report along with original or copies of original receipts for all expenses. If for some reason a receipt is not available (this should be an isolated incident), an explanation should be provided on the expense report.

Note: All receipts should be taped to an 8" X 11" sheet of paper prior to submission for reimbursement.

Acceptable forms of documentation are:

- Air travel – Original passenger coupon/receipt for each flight
- Hotel – Original hotel bill and proof of payment
- Rental Car – Rental car agreement and credit card receipt or other proof of payment. The Company encourages the use of the Enterprise Plus Program.
- Meals – Original restaurant receipt. All meal receipts must include the business purpose, the names of the people attending and company affiliation (what customer, vendor, etc).
- Other – Original receipts for taxi, parking, supplies, etc.

Please call Accounts Payable if you have questions regarding adequate documentation.

3.3 Expenses Charged to the Company by Employee

Certain expenses may be paid directly by the company. Examples include such items as airline tickets, rental cars, leased vehicles, hotel deposits, and seminar registration. The fact that certain allowable expenses may be paid directly by the company does not relieve an employee from complying with the documentation requirements of this policy (original receipts, business purpose, and other supporting documentation must be attached).

i. Reimbursement of company credit cards

The distribution of company credit cards is solely at the discretion of management. Possession of a company credit card is a privilege extended to responsible employees who in their position must make transactions on behalf of the Company. Management retains the right to revoke company issued credit cards at their discretion. Personal expenses and late fees placed on the company issued credit card will incur a 15% processing fee, and this total will be deducted from your next pay. (Refer to the Corporate Credit Card Policy.)

3.4 Lodging

The Company will reimburse employees for the reasonable and customary cost of an overnight stay at a hotel. Receipts must validate lodging expenses. When a guaranteed reservation is made and the employee has a change of plans, every reasonable effort should be made to cancel the reservation on a timely basis.

Employees should not stay at a hotel less than 50 miles from their home unless specific business reasons are present. Employees are urged to utilize hotels that have a corporate rate associated with them. Under no circumstances may an employee select a higher priced hotel on the basis of participation in a frequent traveler program. Luxury hotel expense reimbursements require prior approval from executive management.

Employees who choose to stay with relatives or friends rather than take a hotel room do so on their own accord, and the Company will not reimburse any reduced rate charges, or gifts purchased for the relatives or friends with which you stay.

NOTE: Room service charges should not be included in lodging expenses. Room service charges should be included under Meals.

3.5 Transportation

Every effort should be made to use the lowest priced transportation available. Reimbursement will be made for the following modes of transportation:

i. **Commercial Airline Travel**

Commercial airline travel will only be reimbursed for coach/economy class unless approved by executive management. Company policy requires the use of the most economically available airline service. It is the employee's responsibility to ensure that every effort is made to take advantage of special, reduced, or excursion fares, although this must be balanced against potential penalty charges where cancellation or changes in itinerary are likely. Employees are encouraged to use online discount travel services such as www.travelocity.com, www.expedia.com, www.priceline.com, as well as individual airline sites, etc, to obtain the lowest available airfare. Thus, air travel should always be Coach or Economy Class at the "lowest logical fare."

If a frequent flyer upgrade is used for travel in either Business or First Class, the additional cost must be paid by the employee, with only the cost of the "lowest logical fare" being recorded on the expense report for reimbursement.

Under no circumstances may an employee select a higher priced flight on the basis of participation in a frequent flyer program.

Air travel should be secured more than two weeks in advance of your trip to secure a lower air fare.

ii. **Rental cars**

Rental cars should be the least expensive car class available that is adequate for the need. Compact cars and mid-sized cars are the designated class of vehicle for most rentals.

Under no circumstances may an employee select a higher priced car rental on the basis of participation in a frequent traveler program.

Since rental companies routinely charge considerably more for gasoline than current market rates, employees are required to refuel the rental prior to returning it to the rental agency. If this alternative is not practical, the employee should select the option of the rental company to fill the tank at the rental car company predetermined fixed rate in advance.

Since insurance for rental cars is covered through the company's auto insurance policy, the employee is not to choose to take additional insurance offered by the rental company. Therefore, no reimbursement will be made for any additional charges for rental insurance or fines associated with operating the vehicle.

iii. **Taxi and Bus**

Employees should evaluate their individual circumstances and select the safest, most economical alternative when traveling to and from all destinations. Expenses incurred for public transportation, including but not limited to taxi services, shuttles, and public ride sharing, must be accompanied by a receipt.

iv. **Personal Auto Expenses**

Employees who utilize personal vehicles for business purposes are required to have a valid driver's license and at least the minimum insurance coverage required by law. Mileage will be reimbursed at the currently approved Standard Mileage Rate published by the IRS. This includes mileage to and from a client's office, being dropped off or picked up at airport, driving to the airport, travel to other company locations, etc.

Commuting mileage (from home to work to home) does not qualify for reimbursement. When computing the amount of mileage that is eligible for reimbursement, the IRS requires that the employee's commuting mileage be deducted from the total.

Documentation of mileage must be attached to the expense report (i.e.: mapquest, google maps, yahoo maps, etc.)

The mileage reimbursement rate covers all vehicle expenses including gas, insurance, and depreciation. Primary insurance for employees who use their personal vehicles for business purposes shall be through their own personal automobile insurance policy, and will be responsible for any damage to the vehicle, as well as for liability. The owner/driver of the vehicle is responsible for all parking fines and moving violation tickets.

Mileage reimbursement shall not exceed the applicable coach rate airfare for a distant trip.

v. **Tolls and Parking Fees**

Tolls and parking fees are reimbursable expenses for both rental and personal automobiles. However, the Company will not reimburse an employee for expenses incurred from parking tickets, traffic violations, or repairs.

On extended trips, employees should use the most economical practical transportation to/from airports, and if using a personal car, long-term or extended parking should be used in all cases.

3.6 Meals and Entertainment (IRS requirement to be separated)

The Company will reimburse the actual cost of meal and entertainment expenses, including gratuities, for those individuals on business travel or when serving as an integral part of formal business meetings, seminars, etc. The costs of meals should be reasonable and should include a gratuity no more than 15-20% when one is required.

Reimbursement is allowed for customary business meal and entertainment expenses with person(s) outside the company who have an influence on company business. Expenses must be directly related to business and incurred under circumstances conducive to a business discussion. Generally, a restaurant, hotel dining room, or similar place would be considered conducive to a business discussion. Entertainment expenses are directly related to business if the employee is actively engaged in a business meeting, negotiation, discussion, or other bona fide business activity, other than the entertainment itself.

Some entertainment of customers, prospective customers, and vendors is reasonable and expected, but certainly should not be "overdone" (either as to frequency or in an excessive manner).

Excessive drink charges will not be reimbursed.

Tips: Employees will be reimbursed for tips customarily incurred during business travel. This includes tips at restaurants, airports, hotels, etc. Employees should avoid excessive and nonessential tips (concierge, chambermaid, maître d', etc.) whenever possible.

3.7 Per Diems

Field employees will be paid a per diem to cover meal expenses while traveling. Receipts are not required to be submitted. The per diem amount will be established by executive management.

3.8 Business Gifts

Gifts to any individual/vendor or customer are not reimbursable unless approved in advance by executive management. It is the responsibility of the employee to supply all required information for all gift reimbursements to Accounting.

3.9 Expense of Spouse

Additional expenses incurred by a spouse traveling on a business trip are not reimbursable, unless there is an essential business purpose for the spouse to be present. Because this is a particularly sensitive area to the IRS, a memo should be attached to the expense sheet explaining the business purpose of the spouse's travel and have the prior approval of the employee's supervisor before the trip is taken.

3.10 Dues of Professional or Technical Organizations

Professional and Technical Organizational memberships should be approved and kept to the minimum requirement for job credentials and necessity. Dues paid for approved memberships in professional or technical organizations are reimbursable. Amounts claimed for reimbursement should be itemized on the expense report and substantiated by receipts.

3.11 Training, Conferences and Seminars

Registration fees or similar expenses for company training courses, conferences, seminars and conventions are reimbursable if approved in advance by the employee's direct supervisor, human resources (HR) department, and CFO. Prior approval from an officer of the company is required if the total cost of the conference/seminar (airfare, hotel and other costs combined) exceeds \$1,000.

3.12 Donations or Contributions

Donations or contributions are not routine reimbursable expense report items and need prior approval by executive management.

3.13 Expense Advances and Credit Card Fees

Cash advances for employee travel are generally not provided. Company issued credit cards are provided to employees who do considerable traveling for business, therefore, personal annual credit card fees are considered a non-reimbursable cost.

3.14 Personal Expenses

Personal/vacation travel may be combined with business travel provided there is no additional cost to the Company. Company issued credit cards are not to be used for personal expenditures.

3.15 Miscellaneous

Employees will be reimbursed for the following miscellaneous expenses:

- Airport taxes, checked baggage fees, and other miscellaneous airline fees
- Purchases of miscellaneous items to complete projects (Ex: Jumpers purchased at electronics store, etc.)
- Magazine and Periodical Subscriptions: Any subscriptions for periodicals, magazines, or books must be pre-approved by the employee's immediate supervisor.

The following expenses are considered non-reimbursable costs under this policy:

- Gifts to employees for baby showers, birthdays, and other non-business related events are considered personal in nature.
- Office furnishings (including area rugs, paintings, wall hangings, pictures, plants, lamps, desk clocks, pen and pencil sets, etc.) The company will not pay for the framing of professional certificates to be hung on office walls.
- Personal grooming services, such as barbers, hairdressers and shoe shines
- Car rental insurance purchased for domestic travel
- Car wash
- Childcare

- Company issued credit card delinquency fees or finance charges exclusive of the annual fees for the company issued credit card. Late or finance charges are the responsibility of the employee.
- Dues for private clubs
- Frequent flier and other similar awards programs for hotel and car rentals
- Gym and recreational fees, including massages and saunas
- In-room movies
- Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance
- Laundry or valet service for travel of fewer than five days
- In general, personal losses due to theft, vandalism, incidental damage and misplacement of items are not reimbursable by the Company, even though the incidents may occur on Company premises or when traveling on Company business.
- Lost baggage
- Loss or theft of cash advance money, airline tickets, personal funds, parking tickets, traffic violations, or "No-show" charges for hotel and car service unless specific business cause
- Personal automobile repairs
- Personal credit card annual fees
- Personal telephone charges in excess of reasonable calls home
- Pet care

4. References

4.1 Related Policies

- i. Corporate Credit Card.
- ii. Per Diem.

4.2 Related Procedures

- i. Expense Report Online Entry.
- ii. Expense Report Online Approval.

4.3 Forms

- i. Expense Report.

4.4 Attachments

- i. Enterprise Plus Program.

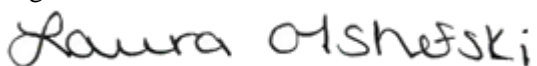
5. Revision History

Version Control	Revision Date	Approved By	Changes
<Start from 1>	<YYMMDD>	<Contact person – full name & title>	<Briefly summarize major changes>

6. Approval

The Human Resources Manager and Accounting Department of Russell Standard Corporation/Hammaker East Limited has approved the Business & Travel Expense Policy. This policy will be periodically reviewed by the Human Resources Department and Accounting Department and changes or additions to this policy will be recommended.

Signatures:



Laura Olshefski, Human Resources Manager



Craig Schiebel, Controller

13-Jan-17

Date

13-Jan-17

Date