

Travel and Expense Policy

Purpose

The purpose of this policy is to:

- a) Describe the types of expenditures that are reimbursable by the company.
- b) Inform employees of their responsibilities to control and report travel and entertainment.
- c) Describe the process for an employee to file and obtain travel expenses and reimbursement.

Employee Travel & Business Expense Guide

This guide is intended to aid the <Company Name> business traveler and <Company Name> management by setting forth guidelines and reporting requirements related to <Company Name> expectations and IRS regulations.

All travelers and Managers bear responsibility for cost-effective business travel. Each Manager should carefully review and approve all Expense Reports. Items not considered reimbursable should be brought to the attention of each employee prior to being submitted to Accounting.

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

General Travel Policy

It is the Company's policy to reimburse employees for all expenses necessary, reasonable and actually incurred when traveling on authorized company business.

Travel expenses must be properly documented and approved on a Travel Expense Report. It is each employee's responsibility to adhere to policy when involved with expenditures on behalf of the company. Further, it is the responsibility of the manager to be familiar with the reason for the expenditures and to be satisfied that they have been reported in a manner consistent with the recognized policy.

Employees are expected to:

- a) Exercise good judgment with respect to expenses.
- b) Spend the company's money as carefully and judiciously as they would their own.
- c) Report all expenses and advances promptly and accurately with required documentation.

Procedures:

1) Travel Agent Procedures

<Travel Agency Name> is our Corporate Travel Agency. Travel arrangements may be booked through any available agent. The telephone number for their local office is <(xxx) xxx-xxxx>.

The travel agent will be responsible for obtaining the lowest fares and lodging expenses available. If you need to stay at a particular hotel that is more expensive than the designated hotel, you must have proper justification to do so before travel arrangements are booked. The same procedure applies for cars, airfares, etc.

2) Air Travel

All employees traveling via air carrier must utilize Lowest Fare Routing (LFR). LFR is quoted logical lowest fare for the business trip, which will (where possible):

- a) Provide cost savings for the round trip air ticket.
- b) Result in total layover time not exceeding one hour.
- c) Increase the one-way total elapsed trip time by no more than two and one-half hours.
- d) Require no more than one interim stop each way.

Exceptions to this policy statement will be allowed with approval by the employees' supervisor so that additional cost is authorized.

International air travel outside of the U.S. and to overseas locations will be by LFR.

All travel reservations should be made as far in advance as possible to take advantage of available discounted airfares.

Business and First Class travel is not allowed unless it is at the employee's expense. Employees who are enrolled in airline incentive programs are permitted to utilize their personal upgrades along with the Company's booking of the lowest available fare.

Reasonable stopovers enroute may be approved provided that:

- a) They do not interfere or adversely affect achievement of the desired business objective.
- b) They do not result in any significant loss of work time.

c) The travel expense claimed from the Company does not exceed either the actual cost, or the cost of the applicable air fare between the place of departure and the business destination, whichever is the lesser.

d) Approval must be obtained in advance from the appropriate manager.

If such a stopover is made, the Company, assumes no responsibility or liability of any kind for any employee actions or activities during or occasioned by the stopover.

Airline tickets are considered legal tender and care should be taken not to lose or destroy them. Return any unused tickets or portions of tickets to the company. The tickets will then be returned to the travel agency for proper credit. Do not return any unused tickets directly to the airlines.

Employees will be required to submit all company paid airfare receipts incurred while traveling. Used airline tickets should be attached to your expense report.

3. Car Rental

Please note that car rental discounts are base on volume. The travel agent will be able to tell you which rental agency we use at the time you make your reservations.

All travelers should follow the listed guidelines:

<u>Number of Travelers</u>	<u>Class of Car</u>
1-2	Compact
3	Intermediate
4-5	Full Size or Wagon

Insurance should not be purchased from the rental agency and will not be reimbursed. All drivers must hold a valid drivers license or a car may not be rented.

Car rentals are generally the most expensive mode of transportation and should only be used when the nature of the trip or the locations of the customer being visited is such that the use of local transportation (i.e. taxis or limousines) is not practical or would be more expensive.

4) Personal Auto

An automobile personally owned by an employee and authorized for business use will be compensated when actually driven for such purpose and will be reimbursed a fixed amount of <\$0.xxx> per mile. Mileage should be fully documented as to date, starting location, ending location, persons visited, the business purpose, and the business miles.

5) Taxis

Taxis should be used when other reasonable and less expensive forms of transportation are not readily available. In traveling away from home, overnight living accommodations should to the extent practicable, be selected so as to eliminate or minimize the need to use taxis or other local transportation. When taxis are used, they should be shared to the maximum extent possible by employees traveling together on Company business. A receipt for the fare charged must be obtained by the taxi driver.

6) Hotels

At the time the hotel reservations are made through the Company's travel agent, the best available rate with reasonable quality accommodations, at the most convenient location, will be obtained. Upon arrival, the traveler should verify that the rate that is shown on the itinerary is the rate they receive. The travel agent has an extensive list of qualified hotels worldwide that provide the most advantageous rate to the Company.

7. Meals

The employee should normally select restaurants which are reasonably priced for the locality and which are consistent with normal living standards. Receipts must be attached for all meals purchase while on business.

Business related meals for customers or with other employees must be described as follows: date, amount, place and explanation of nature of business. A list of names of those entertained must be included. A receipt is required for all entertainment expenses regardless of the amount. Business conferences over meals may be reimbursed with proper approval. Wine and bar tabs are reimbursable only if they are associated with a business meeting and are not excessive. Entertaining other employees, unless for stated business purpose, is not a reimbursable expense.

8) Business Entertainment

Business entertainment is limited to the cost of meals and beverages furnished in a hotel dining room or a restaurant.

Since the presumption is made by the IRS that entertainment is not related to the Company's business, it is generally necessary to demonstrate that such expenses are associated with the active conduct Company's business. Therefore, such entertainment must have either directly preceded or followed a bona fide business discussion. Since the company must be prepared to substantiate this expense, the following information is required when reporting company expenses:

a) Date and place of entertainment

b) The party's name, title and firm must be stated on the Travel Expense Report.

9) Long Distance Calls

Employees traveling on Company business are permitted a reasonable number of telephone calls home to verify arrival at destination, make arrangements for returning home, and to take care of urgent personal matters which cannot wait.

Frequent <Company Name> business travelers will be provided a calling card for long distance and local phone calls while traveling on business. The calling card should be used whenever possible.

When an employee is traveling five or more days, a single personal call home for a limited time is acceptable for domestic travel. On an overseas trip, telephone charges are considerably higher cost, and discretion should be used. When necessary due to an emergency, a call on minimum time basis may be made. Most hotels in foreign locations impose a surcharge on telephone calls. These surcharges can be as much as 40% of the basic charge. Therefore, employees are encouraged to make calls, including allowable calls, from Company locations to take advantage of the lower cost.

10) Cellular Phones

Cellular phone expenses are reimbursable on a monthly basis as follows:

For Sales Representative:

- a) 50% of monthly service charge
- b) 50% of all taxes
- c) All business related calls

For all other employees:

- a) Business related calls only.

The following items are not reimbursable:

- a) Initial purchase, lease or installation of cellular phones.
- b) Personal calls.
- c) Answering services on cellular phones.

A copy of the cellular phone bill with all business related calls high-lighted must accompany your Expense Report.

11) Cash Advances

Upon Request, frequent <Company Name> business travelers will be given an advance to provide funds for authorized future company expenses. Advances will only be given to employees traveling on Company business.

A cash advance of up to U.S. \$100.00 per day of travel on Company business may be requested by completing a Check Request for Cash Advance.

All requests for Travel Advance must be approved and submitted to the Accounts Payable Department at least (3) business days prior to the traveler's departure.

Any excess of advanced funds over expenses must be remitted promptly with the expense report. Delinquent notices will be sent on advances that have not cleared within thirty (30) days from issue date. You may not request any further advance if you currently have an advance outstanding that has not been resolved.

12) Miscellaneous

The company does not pay for dry cleaning expenses while on a trip of less than five (5) days duration. However, where circumstances require these services, these expenses will be reimbursed. Please document your explanations on the Expense Report.

The payment of tips and gratuities should be limited to those situations and services where such payments are normal practice. The amount of percentage of any gratuity paid should not exceed that which is reasonable and customary for the particular type of category of personal service. The range of 10-20% is considered applicable to most forms of personal service, including restaurant service.

The following are **not** reimbursable:

- Annual credit card fees
- In-room or in-flight movies
- Personal reading materials
- Airline, hotel and car rental club memberships
- Restaurant count club memberships

Receipts (Proof of Payment)

The Company request that receipts for all expenditures be submitted, and receipts must be submitted for all expenses over \$10.00. <Company Name> will not reimburse expenditure greater than \$10.00 without a receipt.

Approval

All Expense Reports must be approved by the employee's Manager in accordance with the Supervisor/Manager's expenditure authorization (see Section 4). Expense reports must be submitted to the Accounts Payable Department within thirty (30) days of first expenditure incurred or reimbursement can be delayed while current reports are processed

Expense Report

IRS regulations require that traveling personnel maintain an adequate record for each trip and post all pertinent information in support of each expenditure (who, what, why, when and how much). Expense Reports are due no later than thirty (30) days of first expenditure incurred.

Entertainment expenses incurred in the process of completing <Company Name> business objectives should be supported by receipts for all expenditures and documentation detailing dates and places of entertainment, names and number of people involved, business relationship of all involved, business purpose, and amount of each separate expenditure. All names should be listed including those of other <Company Name> employees, unless it is a group clearly identified by title. The date, nature of the business, and participants in the related discussion preceding or following the entertainment must be shown.

Business Expenses

Employee's Responsibilities

- 1) Use good judgment when incurring business expenses. Consider less expensive alternatives to a trip such as conference call.
- 2) Submit expense claims (expense reports) within 7 days for trips requiring air and or overnight travel. Expense reports may be submitted every two weeks if on an extended business trip. Advanced purchases of airline tickets may be expensed in advance if the charge card bill is received before the trip.
- 3) Obtain appropriate approval signatures, including exception approvals when required.
- 4) Provide accurate actual expense details on the appropriate Corporate form for reimbursement. Adequate documentation includes daily recording of actual expenses by categories in US dollars. All required fields must be completed with original receipts.
- 5) Use company contracted travel agencies for all airfare, automobile rental, and lodging.
- 6) Adhere to meal guidelines.
- 7) When possible schedule travel 14-21 days in advance.
- 8) Obtain pre-approval for travel on a Travel Authorization Form.
- 9) Repay company amounts due promptly.
- 10) Please be sure that your expense reports are properly approved by someone who can sign for your cost center or department and dollar value.
- 11) Exception approval is required if employee business expense is not clearly in accordance with policy. Any of these conditions require exception approval:

- a. Unusual expense
 - b. Expense could possibly appear to be inappropriate
 - c. Expense exceeds guidelines
 - d. Expense reports not submitted in a timely manner
 - e. Photocopy/inadequate/missing receipt
 - f. Expense should have been on a purchase order. Purchases, including meetings, greater than \$500.00 requires a purchase order per Corporate Employee Purchase Manual.
- 12) Exception approval consists of signature normally required plus the signature of the Senior Manager or his/her designee.
- 13) Approving manager may not be a direct or indirect, beneficiary of the expense being approved. For example, an expense report for business meetings must be approved by the next highest level of management not in attendance.
- 14) Receipts are required for reimbursements of all authorized business expenses. The receipt must identify the name of establishment, date, actual amount incurred, description, and receipt of payment. Items considered non-receptacle such as house keeping/porter tips and some highway tolls can be reimbursed without a receipt. Photocopies and missing receipts require exception approval. Telephone receipts should include phone detail identifying business from personal calls.
- 15) Field employees are required to obtain approval from their respective managers before submitting expenses for reimbursement.

Corporate Charge Card and Advances

- 1) Corporate charge card (American Express Card) will be issued to frequent travelers who anticipate incurring two business-related expenses a year. The corporate card must be used for business travel related expenses (business, meetings, air, auto, hotel, meals etc.).
- 2) To minimize the need for business advances, employees are expected to use corporate charge cards for travel to pay for travel expenses.
- 3) Travel advances are also available to assist employees in paying out-of-pocket business expense.

Approver's Responsibilities

- 1) Ensure all expenses are reasonable, in support of business goals, and in accordance with Company policy.

- 2) Approve expenditures for which no direct or indirect benefit (e.g. in attendance at the meeting) was received.
- 3) Only authorize reimbursement for air, car, and hotel expense if booked through the agency under contract.
- 4) Cost effective management of business expenses.

Finance Department's Responsibilities

- 1) Return all expense reports requiring additional substantiation.
- 2) Expense reports must be received no later than 5:00 p.m. every Monday for processing and checks processed and delivered to employees the following Monday.
- 3) Review expense reports for appropriate cost center codes, approving manager's signature and calculation accuracy.
- 4) Checks to employee for expense reimbursement must be placed in appropriate mail box with the corresponding employee name and checks to off site locations mailed to the employees by Friday for arrival at employee's office no later than Tuesday.