



# Travel and Expense Policy

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# Corporate Travel and Expense Policy

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## INTRODUCTION

The FM travel program requires that all FM employees, FM affiliates and all Consultants conducting business travel for FM, request their travel needs *exclusively* through the FM Travel Center or its online travel booking tools (operated by Travelcorp International).

Utilization of the Travel Center will enable the Company to monitor and control travel expenses as well as provides the data to allow Travelcorp to effectively negotiate preferred air, hotel and car rental arrangements on our behalf.

## TRAVEL CENTER SERVICES

### *General*

**As a general rule**, travel should only be made when necessary-consideration should *always* first be given to utilizing other more cost and time effective means of conducting business such as telephone, fax, E-Mail, teleconferencing and Web-based meetings. However, when business travel is required, the FM Travel Center services should be utilized.

### *Agency*

**The FM Travel Center** is responsible for booking air, hotel and car rental arrangements consistent with this Policy. The Center's primary purpose is to service the needs of employees traveling on Company business. The Travel Center is located on the 3<sup>rd</sup> floor of 1615 Poydras Street and can be reached at 582-4559 (this number will "roll over" to the "1-800" 24 hour line after normal working hours).

### *Traveler Profile*

**Traveler Profile** contains basic traveler data such as employee number, frequent flyer numbers, charge card data, seat preferences and other requirements. In order to expedite travel arrangements, your travel profile should be kept up to date with current information. Employees who have access to Concur can update their travel profile at anytime by going to the Profile tab in Concur. All other travelers should notify the Travel Center directly of any changes or updates.

<file:///fmi.com/data/NOLA/Enterprise/EmployeeServices/Forms/Travel/Traveler%20Profile.doc>

### *Reservations*

**As a general rule, air travel, car and hotel arrangements** should be made through the Travel Center. The Travel Center has been instructed to follow established guidelines detailed below when securing travel arrangements and accommodations.

## AIR TRAVEL - DOMESTIC

**Domestic travelers** are expected to use **ECONOMY CLASS** accommodations for air travel except when economy accommodations are not available and travel cannot be conveniently rescheduled. The difference between lowest coach fares and first class fares is usually substantial. The traveler can upgrade to a higher class of service only when there is no cost penalty to the company, for example when using personal frequent flyer miles or a discount negotiated with the airline.

**Exception:** *First Class may be flown on the domestic segments of international trips. Business class may be flown on the international segment.*

**Lowest Fare Routing (LFR)** - All travelers are required to use the lowest coach fare for direct air services that are the most cost effective and appropriate given schedule and business needs. If travel is reasonably certain, non-refundable fares should be considered only if the unrestricted ticket is over \$500 and the savings achieved by purchasing a non-refundable ticket will be at least 50%.

**Exceptions** - When the lowest cost travel option has been offered to the traveler for Company Business travel and the employee has declined acceptance and requested a higher cost routing or higher cost airline, special approval by Senior Manager HRD or Manager HRD will be required.

## AIR TRAVEL - INTERNATIONAL

**International Travel Approval** - All persons traveling overseas are required to secure advance travel approval via the on-line approval system. The sponsoring department head must first approve all travel to overseas with final approval by the Senior Manager or Manager of HRD. The on-line International Travel Request (ITR) system can be accessed under Key Services on the FM Home Page, or under Quick Links on the FM Travel Center Home Page.

TravelCorp has negotiated contracts with many airlines providing discounted airfares. The FM Travel Center will advise you of the preferred airlines for your destination during the planning of your itinerary.

**Consultant Travel** - When consultants travel at the Company's expense, all travel arrangements should be made using the Travel Center. This includes consultant travel to Indonesia. Exceptions can be made with the approval of the Senior Manager HRD.

### ***Passport and Visa Processing***

**The Travel Center** will handle all processing of visas and passports for employees and consultants visiting one of the FM mine-sites. Visa requirements for travel to the sites change frequently. Coordination through the Travel Center's documentation team will ensure that you are complying with the most current governmental regulations.

### ***Hotel Accommodations***

**The Travel Center** should be used to book and confirm hotel reservations both within the city and for travel out of town. Whenever possible, you should use hotels recommended by the Travel Center as in many cases the Travel Center has negotiated special lower corporate rates; the Travel Center maintains a list of such hotels and will advise you of the best option, depending on the required proximity to business. **Note:** The hotel/lodging for your stay in Indonesia will be determined by standards established by PTFI. All reservations, including the Sheraton Timika, should be made by the Travel Center, who will book accommodations that adhere to these guidelines.

**Hotel space should be reserved on a single-room basis.** Other than in the case of Senior Management, rarely will special business needs justify suites or similar accommodations. Use of concierge or special hotel floor amenities is permissible only when available on specially negotiated rates arranged by the Travel Center.

Costs for in-room movies, spa charges and excessive room service or excessive mini-bar charges are considered personal and are not reimbursable.

All employees that travel for Company business should use a reasonable method for making long distance business calls on business trips.

**Costs Not Covered** - The following items are not considered acceptable travel expenses and will be covered only on an exception basis, and approved by Senior Management or Senior Manager HRD. Travel expenses are to be based on actual and reasonable costs.

- Personal reading material
- Home Internet or DSL services
- Office supplies
- Cell phone rental
- Memberships in Travel Clubs or Travel Lounges

Reasonable laundry and valet services incurred while traveling for longer than five (5) consecutive days or in valid emergencies are reimbursable. Receipts are required regardless of the cost. Costs for gym/sports facility use incurred while traveling for longer than five (5) consecutive days are reimbursable up to \$25.00 per day. This type of expense reimbursement requires a detailed receipt.

### ***Car Rental***

**All car rentals** should be booked through the Travel Center. Under normal circumstances, a mid-size car is allowed. If a large vehicle is required for business purposes, written justification must be included with the expense report. FM has negotiated nationwide car rental agreements with the major agencies. Check with the Travel Center for the current list.

**Note:** Rental cars should be refueled before returning to the rental car agency as pre-paid fuel service and fuel service options are not considered reimbursable expenses under this policy.

***Note: Do not accept the collision, damage or personal injury insurance options for business purposes.*** With some vendors the company agreement will include collision insurance for those traveling on company business. When renting from a vendor where insurance is not covered under our agreement, the Company prefers to self-insure any liability it may have for damage to a rented car; additionally, insurance to cover personal injury to the employee is provided under other Company plans. Third-party liability is automatically provided by rental car companies. Of course, if a car is rented for personal use, the employee should determine what insurance coverage is appropriate.

### ***Changes in Travel Arrangements***

#### **Contact the Travel Center when making changes or canceling existing reservations**

The 24-hour service is available when you need assistance outside of normal business hours. They can be reached at: 877-562-1158 or 203-787-6266.

### ***Refunds and Unused Tickets***

The Travel Center should be advised of unused flight segments as soon as possible. A refund will be processed if applicable or credit kept on file for future use as appropriate. No-show on a non-refundable ticket will result in loss of value. All non-refundable flight segments must be cancelled prior to the time of departure.

### ***Frequent Flyer Programs***

You may retain any mileage accumulated on an airline's frequent flyer program as a result of business travel. Any requests for a particular airline or routing which results in higher fares will be considered exceptions to policy. Frequent Flyer memberships will not be used to determine what airline will be used for travel. Cost will be the determining factor.

### ***Leisure Travel***

**The Travel Center can help you plan vacation packages** and book personal travel arrangements. The cost of personal airline tickets must be charged to a personal credit card or paid in full prior to receipt of tickets.

## TRAVEL AND BUSINESS EXPENSE REIMBURSEMENT

### Funding

#### *Funding of Travel and Business Expense*

The FM traveler is responsible for paying all travel and entertainment costs with the **Corporate American Express Credit Card** and to seek reimbursement via **Concur**, the Company's web-based expense reporting tool. Supporting substantiation must be included for business meals and business entertainment expenses.

Reimbursement will ONLY be allowed for business travel and lodging requested through the Travel Center and further paid by the Corporate American Express Credit Card. **Note:** Personal credit cards will be used only where the Corporate American Express Credit Card is not accepted or where the FM Traveler was not issued a Corporate American Express Credit Card, which shall include Executive Officers who choose not to use the Corporate Credit Card.

#### *Foreign Currency Expenditures*

The employee should estimate his initial foreign currency needs prior to traveling and purchase the requisite amounts at a **local domestic bank** or at an acceptable facility within the country being visited, such as an **airport currency exchange, a local bank or licensed broker**. **Note:** Exchange of currencies at **hotels** generally provides the **most unfavorable rates** and therefore **should be avoided**. Additionally, the Corporate American Express Credit Card should be used whenever possible, as exchange rates used by credit card companies are usually more favorable than other sources.

### Reimbursable Expenses

#### *Travel Insurance*

**The Company provides** business travel accident insurance for its employees at three times your annual basic salary with a minimum benefit of \$200,000 and a maximum benefit of \$300,000. This policy covers death due to an accident or permanent and total disability as a result of accidental injury while traveling on company business using any mode of transportation anywhere in the world.

**Note:** This insurance is in **addition** to that provided by the AMEX Corporate Card and that provided by the FM Travel Center (Travelcorp). **Reimbursement will not be allowed for supplemental insurance obtained by the employee.**

#### *Business Air Travel, Hotel Accommodations and Car Rental*

**All air travel, lodging and car rentals booked through the Travel Center for business travel are reimbursable.** The Travel Center follows the FM established guidelines (see Travel Center Services) for class of accommodations booked.

#### *Taxi and Limousine Fares*

**Taxi and limousine fares are reimbursable;** however, receipts are required for fares in excess of \$25.00.



### ***Mileage Allowance***

The Company will pay a mileage allowance equal to the standard mileage allowance permitted by the Internal Revenue Service. Tolls and parking costs incurred in the course of such travel will also be reimbursed.

When an employee prefers to use his or her personal car on a trip where a plane or train is normally the approved means of transportation, the Company will reimburse the employee for mileage at the allowable rate but not to exceed the equivalent economy class plane fare. Commuting to and from the employee's regular job site by personal vehicle is not reimbursable. However, the company will reimburse the employee for any additional miles driven in excess of their normal commuting miles as a result of business travel.

### ***Meals***

Good restaurants featuring reasonable prices should ordinarily be used. Dining places where atmosphere contributes to high prices should be used only when necessary to carry out the purpose of the business assignment.

**Employee-Business Trip:** The cost of an employee's own meals on a business trip will be reimbursed.

**Group meals:** Meals with two or more Company employees that are directly related to the accomplishment of a specific Company business objective. Such meal charges should be documented with the specific business purpose and a list of attendees on the Expense Report. These meals will be classified as "Group meals" with reimbursement being subject to the same provisions as travel meals.

Payment and reporting of the group meal should always be made by the **most senior participant** and the entire expenditure should be charged to the departmental cost center of the individual reporting the expenditure.

**Business Associates Outside the Company:** Expenditures for meals of customers and other business associates, which are clearly necessary to advance the best interests of the Company, are reimbursable.

**NOTE:** Under the Revenue Reconciliation Act of 1993, **50%** of the cost of business meals and entertainment is deductible for tax purposes. **Therefore, the employee must complete the "substantiation"** section in the expense report for proper tax treatment of these expenses. This information must include the date, the name and business relationship of each person and the purpose of the meal or entertainment.

### ***Entertainment***

**Expense of entertaining customers, business associates and their spouses** that are clearly necessary to advance the best interest of the Company are reimbursable. These expenses are required to be reasonable and appropriate in the context of the entertainment's business purpose.

As with the reporting for meals, the entertainment must be reflected on the substantiation section listing the date, names of guests, business relationship and business purpose of the entertainment.

### ***Telephone/Fax***

**The PTFI Private Network should be utilized** whenever possible as this is the most cost effective telecommunications means for international calls. (Reference the [Consolidated FM Network Dialing Instructions](#) for specific instructions). Calls to and from Indonesia and Australia outside of the New Orleans and TPRA/JKTA offices will require the use of a "FAC" code that can be obtained from NOLA MIS Helpdesk prior to your travel date. When access to the private network is not available, employees should use a corporate long distance calling card *or* the International WATS service. To acquire a corporate long distance calling card, (once proper authorization is received) contact NOLA MIS Helpdesk. Direct dialing from non-FMI sites (such as hotel rooms) should be used only as a last resort.

### ***Tips***

**Tips** should be commensurate with services rendered and in line with local customs.

### ***Memberships***

**It is the policy of the Company to authorize employee membership** in certain clubs and organizations **if, and only if**, the benefits to be obtained are deemed significant to assist employees in the promotion and protection of Company business.

Pursuant to this general policy, the President of FM Services may authorize memberships for employees in:

- Professional and technical societies
- Trade associations
- Civic organization and service clubs

Membership costs are limited to initiation fees, dues and involuntary assessments levied on all members. Where allowed, managers should use a single corporate membership to reduce the number of individual memberships and related costs.

Meals and incidental expenses incurred in connection with attending regular meetings of local chapters of professional and technical societies are reimbursable.

### ***Business Gifts***

Gift expenses incurred by an employee will be reimbursable to the extent the expenditures are associated with people who are not employees of the company and its subsidiaries and affiliates, and are necessary and clearly on behalf of and in the best interest of the company.

IRS regulations limit the amount of gifts that can be deducted as a corporate expense to \$25.00 per recipient per year. Gifts in excess of \$25.00 or gifts involving more than five recipients are only authorized by Senior Management and above. Consideration should also be given to the Company's Ethics and Business Conduct Policy in determining whether a business gift is appropriate and reasonable under the circumstances.

### ***Employee Gifts***

Gifts to employees may be authorized in special circumstances, if approved by Senior Management or Senior Manager HRD.

### ***Expenses of Spouses Accompanying Employees on Business Assignments***

Expenses of spouses accompanying employees on business assignments are tax deductible for the Company only if the spouses perform services on the trip which are directly attributable to and necessary to the conduct of the employee's business on the trip. **The IRS interprets this rule very strictly.**

The Company's policy therefore allows reimbursement of spouse's expenses:

- if they are valid business expenses
- with prior authorization from a Senior Vice President (Corporate) or President (Division)
- where itemized on a separate expense account form

Reimbursement will be treated as taxable compensation to the employee and reported on the employee's W-2 statement.

If an employee is eligible for Business Class airfare but elects to fly economy and uses the difference in cost toward air fare cost to take his/her spouse on the business trip, the spouse's airfare is reimbursed up to the amount of the difference between economy airfare and business class airfare that otherwise would be incurred for the employee. This will be included on the employee's W-2 as taxable income. This will be considered an exception and will require approval of the Senior Human Resource Manager.

### ***Combining Business and Personal Travel***

The additional costs of travel plans that vary from the required business itinerary are the responsibility of the FM traveler. When personal travel is combined with business travel, only the cost of the ***lowest fare routing*** at the ticketing date for the business portion of the trip will be reimbursed. ***Details of personal travel must be identified separately at the time of the booking.***

Should there be a cancellation of the business reason for travel, you are at risk for the pro rata amount of any penalty. The cost of travel for a spouse and/or other dependents is a personal expense.

### ***Overtime***

Reimbursement is authorized for the following expense incurred by an employee as a result of working overtime at the work place for two or more hours in the evening, or for four or more hours on Saturday or Sunday, for the convenience of the Company:

Meals - Questions pertaining to overtime meals should be directed to the Human Resources Department.

Mileage - Mileage will be reimbursed at the mileage rate allowable for travel to and from work on a Holiday or on a Saturday or Sunday.

### ***Educational Expenses***

As more fully described in the [FM Personnel Policy](#), employees may receive advances to pay for approved work-related undergraduate and graduate courses under the Company's [Educational Assistance Program](#). To substantiate completion of the course(s) and forgiveness of the employee's obligation to repay the advance(s), an employee should submit to their supervisor an Education Subsidy Program Class Completion Form with supporting course documentation affixed thereto. ***Supervisor and HRD approval is required*** prior to enrollment and/or payment of tuition costs.

### ***Relocation Expenses***

Authorized expenses relating to the relocation of current or newly hired employees are detailed in Personnel Relocation Policies. Special Relocation Expense Account forms, obtained from Human Resources, must be approved by the department head and an HR representative, and should then be forwarded to Recruiting Administrator in HR for payment, who will subsequently forward to the Payroll Department for year-end W-2 reporting.

### ***Card Fees***

Because FM pays the annual fees for the Corporate American Express Credit Card, annual fees for personal credit cards will not be reimbursed. Additionally, American Express Bonus Awards Program fees are not reimbursable.

Note: Credit card fees for Executive Officers will be reimbursed if they choose not to use the Corporate Credit Card.

Late fees associated with late payment for the corporate card will not be reimbursed.

### ***Other Exceptions***

Any expenses that are not specifically addressed by the policy shall be evaluated for appropriateness and must be approved by Senior Management or Senior Manager HRD.

## EXPENSE REPORTING

As a general rule, expense accounts for business expenses incurred during a particular month are to be submitted within two weeks of the receipt of your monthly Corporate American Express Credit Card statement/bill. If, however, an employee does not anticipate incurring any additional reimbursable expenses for the remainder of the month, the expense report should be submitted to Concur as soon as possible.

### ***Timing of Expense Account Reimbursements***

All expense reports submitted electronically through Concur without error by 2:00 pm on Friday will be processed the following week. The examples below illustrate the timing of receipt of the ACH (Automated Clearing House) deposit into the employee's bank account. Examples:

| Expense report submitted to Concur: | Funds received in employee's bank account: |
|-------------------------------------|--|
| By Friday, January 6th at 2:00 pm   | Friday, January 13th                       |
| By Friday, January 13th at 2:00 pm  | Friday, January 20th                       |

### ***Guidelines***

All employees and consultants should use [Concur](#), the web based expense-reporting tool, for filing expense reports. Contact the NOLA Technical Support Desk at ext. 4300 for more information and instructions on Concur. When you have completed your expense report in Concur, you must attach all receipts and submit your report on-line by Friday at 2:00pm in order to be paid in the following week. Payments are processed via Concur.

To view the estimated payment date for any approved expense report, open the report and then click on the "Details" button and then select "Report Payments" from the menu. There will be an estimated payment date for both the credit card and cash portions of the report.

All supporting receipts must be attached to the Concur report as mentioned above. All original invoices, statements and other documentation required by the Travel and Expense Policy must also be included to satisfy VAT tax reporting requirements for refund (International travel).

The attendees section must be completed for all business meals and entertainment, to include dates of the meals/entertainment, the names of the guest(s), the company(ies) affiliation and the nature of the business discussed.

Meal expenses must be noted separately from lodging on the expense report form to allow for proper tax treatment of "allowable expenses".

Personal vehicle expenses must be submitted using the most current IRS allowable mileage rate. In addition, receipts for tolls, parking, etc. must be attached for proper reimbursement.

Overtime meals and weekend/holiday mileage allowance must be submitted on the expense report.

Original receipts should be attached for all expenses \$25 and greater. The receipts provided by American Express will not be accepted as proper documentation for expenditures for hotel stays but can be used for other business expenses.

The Travelcorp Travel Itinerary showing airline reservation, hotel and car rental confirmations with finalized prices must be attached.

**Note: All expenses incurred in foreign currency are to be converted into US dollar equivalents** and reported as such on the expense report form. These expenses are to be translated at the rate that the foreign currency was purchased; the rate reflected on your Corporate American Express Credit Card statement or for cash purchases the average prevailing exchange rate at the time of travel, as applicable.

### ***Confidential Information***

**If any information** relating to an expenditure, such as names, place, business purpose or business relationship, **is of a confidential nature**, it need not be disclosed in the expense report, provided the information is recorded at or near the time of the expenditure (in a personal diary, etc.) and retained for possible future examination by an authorized Company representative or by the Internal Revenue Service.