



Employee Travel & Expense Policy

150 N Bartlett St
Medford, Or 97501

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Employee Responsibilities and Use Restrictions

1.1 General

This document provides guidelines and establishes procedures for all employees incurring business travel and entertainment expenses for the benefit of the Company.

1.2 Purpose

The purpose of these guidelines is to:

- Ensure all employees have a clear and consistent understanding of policies and procedures for business travel and entertainment.
- Provide guidance regarding what expense types are, and are not, allowed while traveling or entertaining for the benefit of the Company.
- Ensure conformity of expenditures with the Lithia Code of Business Ethics and other related policies.

1.3 Responsibility

Each employee has responsibility for managing travel expenses, in particular:

- All employees are responsible for understanding and complying with the Employee Travel & Expense Policy and any additional related guidelines established by the Company.
- All approvers (supervisors) are responsible for reviewing all expense reports for accuracy and compliance with these policies.

1.4 Contact Information

For travel support, please contact:



TSI Travel support:

1-800-642-7547

For expense reimbursement, Concur system or travel policy support, please contact:

Travel & Expense Reimbursement Administrator

150 N Bartlett Street Medford, OR

Phone: 541-770-7171

Email: concur@lithia.com

General Travel Information

Employees should obtain their supervisor's authorization for all travel prior to booking any travel arrangements.

2.1 Alternatives to Travel

e-Meetings and videoconferences are effective alternatives to travel and represent an opportunity to significantly reduce travel costs. Every potential traveler should consider if the business objective can best be accomplished through the use of an e-Meeting, teleconference or videoconference.

2.2 Consultants and Contractors

A non-employee (contractor, consultant, employment applicant) may be required to incur travel or entertainment expenses at the request of, and for the benefit of, the Company. Outside individuals or companies should agree to these policies to the same extent as employees and should take in account the following:

- All airline tickets should be booked at the lowest available airfare through Concur.
- Upon supervisor's invoice approval, reimbursement of travel-related expenses will be based on an invoice submitted by the non-employee to the Accounts Payable Department, with the invoiced amount being supported by the proper documentation.

2.3 Travel Arrangements

In order to optimize cost savings, employees are encouraged to make all travel arrangements 14 or more days in advance of travel. Travelers are responsible for all necessary reservations and associated changes or cancellations.

2.4 Passports and Travel Documents

Passport and other travel document costs (visas, other entry costs) are reimbursable if required for business travel purposes. It is the traveler's responsibility to ensure the required documents are current and on-hand during travel.

2.5 Exceptions for Travelers with Special Needs

If the traveler requires accommodations beyond that permitted by these policies due to special needs or circumstances, the special requirements should be approved by the employee's supervisor prior to booking any travel arrangements.

2.6 Religious Observances

Every effort will be made to ensure an employee is not required to travel during the time of a religious observance.

2.7 General Travel Safety Tips

If a traveler encounters accommodation or a means of transportation that he/she feels poses a threat to personal safety, the employee may request alternate travel arrangements. An explanation regarding the nature of the threat should be noted on the travel and expense reimbursement form. While traveling:

- The employee should ensure that company assets are safeguarded at all times
- An up-to-date list of emergency contacts should be kept with the traveler at all times.
- Register travel - It is a good idea to sign up for the Smart Traveler Enrollment Program-- think of it as checking in --so that the employee may be contacted if need be, whether because of a family emergency, or because of a crisis in the area in which he/she is traveling. It is a free service provided by the State Department, and is easily accessed online at <https://travelregistration.state.gov>.

2.8 Illness During Business Travel

If a traveler becomes seriously ill or is injured while traveling on company business:

- He/she needs to report the illness/injury to his/her supervisor as soon as possible. Further direction will be given at that time.

Air Transportation

3.1 Making Air Travel Reservations

Airline reservations are the employee's responsibility and should be booked using Concur.

3.2 Advance Planning

To take advantage of the best airfare rates, employees should book air travel reservations at least 14 days prior to the planned departure.

3.3 Airline Class of Service

All airline tickets will be issued in Coach/Economy Class only.

3.4 Upgrades for Air Travel

Upgrades are allowed at the employee's personal expense, but cannot be included for reimbursement.

3.5 Airline Frequent Flyer Programs

Travelers may retain frequent flyer program benefits for personal use.

- Participation in a Frequent Flyer Program should not influence flight selection that would result in incremental cost to the Company beyond the lowest available airfare.
- The traveler is responsible for the record keeping, redemption and income tax implications of program rewards.
- Any membership costs associated with a Frequent Flyer program are not reimbursable.

3.6 Denied Boarding Compensation

Airlines occasionally offer free tickets/cash allowances to compensate travelers for delays and inconvenience due to overbooking, flight cancellation, changes of equipment, etc. Travelers may volunteer for compensation and/or may keep the free travel voucher when:

- The delay in their trip will not cause an increase in the cost of the trip.
- The delay in their trip will not result in any interruption or loss of business.

3.7 Overnight Delays

Should an airline delay cause a cancellation or necessitate an unscheduled overnight stay:

- The traveler should attempt to secure complimentary lodging from the airline as each airline may have a policy for compensating passengers whose flights are delayed or cancelled. This may include compensation such as meals, hotel rooms, or phone calls.
- The traveler should attempt to have the airline re-book the cancelled flight on an alternate flight with either the same airline or with a different airline at no additional cost. If this is not possible then the traveler should attempt to get the lowest price fare possible on the re-booking of the flight.

3.8 Lost or Excess Baggage

The ultimate responsibility for retrieving and compensating for lost baggage lies with the airline. The Company will not reimburse travelers for personal items lost while traveling on business.

Employees will be reimbursed for excess baggage charges only in the following circumstances:

- When traveling with heavy or bulky materials or equipment necessary for business.
- The excess baggage consists of Company records or property.

Rental Car Transportation

4.1 Making Rental Reservations

Rental car reservations are the employee's responsibility and should be booked using Concur. It is encouraged to utilize the Enterprise National Contracted rates found within Concur. Travelers should use their best judgement when choosing to rent a vehicle. Items of consideration are:

- Other transportation modes such as taxis or airport shuttles.
- The number of employees traveling together.

4.2 Rental Car Upgrades

For groups less than three, it is preferred to rent an intermediate size or smaller. A full size vehicle is permitted if the traveler is required to transport bulky equipment or more than three employees travel together in a single vehicle. Upgrades are allowed at the employee's personal expense, but cannot be included for reimbursement.

4.3 Car Accessories and Additional Insurance

Costs associated with in-car GPS systems are reimbursable by the Company. Additional insurance coverage through the rental company is not a reimbursable expense.

4.4 Refuelling Rental Car Prior to Return

The rental vehicle should be returned with the same amount of gas to avoid refuelling fees by the car rental company.

- Fuel charges are reimbursable.
- Fill up option should not be purchased.

4.5 Accident Reporting Procedures

Should an accident occur while driving a rental car, travelers must contact:

- Local authorities, as required.
- The employee's immediate supervisor.
- The rental car company.
- [Lithia's risk analysts- insurance_claims@lithia.com](mailto:Lithia's_risk_analysts-insurance_claims@lithia.com)

4.6 Parking and Toll Charges

Necessary parking and toll charges are reimbursable. Receipts should be provided for charges if they were paid for with cash/personal credit card.

4.7 Traffic and Parking Violations

Traffic and parking violations while operating a rental or personal vehicle for business purposes are not reimbursable.

Personal Car Usage

5.1 Guidelines

Employees may use their personal car for business purposes under the following conditions:

- If it is less expensive than renting a car, taking a taxi or using alternate transportation.
- If it is more timely than taking public transportation.

It is the personal responsibility of the owner of a vehicle being used for business to carry adequate insurance coverage for their protection and for the protection of any passengers.

5.2 Reimbursement for Personal Car Usage

Travelers will be reimbursed through Concur for business usage of personal cars at the current mileage rate calculated in Concur (41 cents per mile or 58 cents per mile in California). Personal mileage reimbursement is intended to cover all costs related to operation of the vehicle including: service, maintenance, gasoline, oil, insurance and depreciation. Mileage reimbursement excludes normal round trip commute to and from work. If an employee chooses the option to drive instead of fly, the reimbursement of mileage should not exceed the cost of an airline ticket. Insurance premiums for a personal vehicle that is used for business purposes or any damage resulting from an accident while using the vehicle for business purposes is not reimbursable by the Company.

5.3 Reimbursement for Gasoline

Employees who drive rental cars or have a company leased vehicle, demo vehicle or vehicle allowance will be reimbursed for gas used for company business (no mileage reimbursement). Receipts should be provided for any gasoline expenses paid in cash or with personal credit cards.

5.4 Parking and Toll Charges

Necessary parking and toll charges are reimbursable. Receipts must be provided for charges if they were paid in cash/personal credit card.

5.5 Traffic and Parking Violations

Traffic and parking violations while operating a rental vehicle or a personal vehicle for business purposes are not reimbursable.

Hotel and Lodging Accommodations

6.1 Hotel Payment Procedures

Hotel charges should be paid in full upon departure using either the Company Corporate Credit Card or personal credit card. Direct billing to the Company is not permitted. Conferences or regional meetings, etc. that are set up through Corporate will be handled separately.

6.2 Hotel Selection and Spending Guidelines

- Travelers should use Concur when booking their hotel stay and look for the best rate available. Hotel options highlighted in green reflect the Company's preferred vendors and negotiated rates--whenever possible, these hotels should be chosen. If for any reason a preferred hotel is not available, an alternative hotel may be chosen with a similar nightly rate.
- Travelers will be reimbursed for actual hotel room costs as charged on the hotel invoice/folio.
- Travelers should verify the hotel room rate at check-in to avoid being overcharged. Travelers are encouraged to ask about the availability of special promotional rates at time of check-in; these rates are market-driven and can be lower than the negotiated Lithia rate.
- It is the traveler's responsibility to review and dispute any discrepancies he/she might encounter on his/her hotel bill.
- Travelers staying a week or longer should inquire about weekly/long-term discounts.

6.3 Hotel Upgrades

Travelers are required to reserve Standard rooms only. Travelers may accept room upgrades to suites or executive floor rooms if the upgrade is at no additional cost to the Company. Employees will not be reimbursed for hotel upgrade charges.

6.4 Hotel Cancellation Procedures

Travelers are responsible for cancelling hotel rooms and should:

- Contact the hotel directly.
- Request and record the cancellation number in case of billing disputes. Note: Cancellation deadlines are based on the local time of the property and may vary by property.

6.5 Early Check-Out Procedures

If the traveler is required to check out earlier than stated on the reservation due to business requirements, any fee charged by the hotel for early check-out is reimbursable. The traveler should consult with the hotel reservations desk to determine if a check-out fee is applicable.

6.6 Lodging in a Private Residence in Lieu of Hotel

Travelers staying in a private residence with family or friends while traveling on business are still eligible for the \$50 meal allowance during days traveled, or \$70 meal allowance during days traveled in HI, NY, and AK. The traveler is required to obtain approval from their manager prior to arranging private accommodation in lieu of a hotel.

6.7 Hotel Frequent Guest Programs

Many hotels have frequent guest programs that reward travelers with free accommodations in exchange for a given number of paid room nights at the hotel. Travelers may retain awards from such programs for personal use. Participation in these programs should not influence hotel selection, which would result in incremental cost beyond the Company's specially negotiated rate. Any membership fees associated with joining these programs are not reimbursable.

Combining Business and Personal Travel

7.1. General Guidelines

Personal/vacation travel may be combined with business travel:

- With the approval from the traveler's supervisor.
- Provided there is no additional cost to the Company.
- Negotiated hotel and rental car rates may be used.

Employees will not be reimbursed for any outside costs related to an employee vacation that is combined with their business travel, this includes:

- Vacation expenses such as sightseeing, bus tours, souvenirs and personal expenses, such as movies, health club fees and meals.
- Travel and entertainment expenses incurred by a spouse or other individual accompanying an employee on business.

Regarding a companion/spouse, he/she:

- Is subject to the same Policy guidelines as the employee.
- May accompany an employee on a business trip at the employee's expense.
- Travel should be approved by the employee's supervisor.

Meals and Entertainment Expenses

Reasonable expense for meals and entertainment while an employee is traveling on business will be reimbursed. Employees are expected to use good judgement and select a reasonably priced establishment based on the occasion.

8.1 Meal Allowance/Per Diem

- Meals will be reimbursed at \$50 per day traveled.
- Travelers are provided a \$50 per day traveled meal per diem. It is allocated as \$10 for breakfast, \$15 for lunch, \$25 for dinner. If complimentary meals are available it is encouraged but not required to take advantage and reduce the per diem request by the amount allocated for that meal. If travel ends prior to a meal time, reduce the per diem by amount allocated for that meal.
- Per Diem reimbursements should be reduced to the extent Travelers have a Business Meal (defined below in 8.3) during their travel.
- Travelers are provided a \$70 per day traveled meal per diem only when traveling to Hawaii, New York, Massachusetts, and Alaska. It is allocated as \$10 for breakfast, \$25 for lunch, \$35 for dinner.
- Corporate Credit Card Holders can use their corporate credit card to charge meals but should only expense up to the allotted per diem.
- Meal per diem does not require a receipt for reimbursement and should be input into an Expense Report in Concur under the Meal Allowance category.

8.3 Business Meal Expenses

Business Meals are defined as meals taken with approved employees/vendors during which a specific business discussion or meeting takes place. Only employees with a Corporate Credit Card are eligible for these types of charges. Employees should charge these expenses to their Corporate Credit Card and will be reimbursed for business meal expenses according to actual and reasonable costs. Business meal expenses will be reimbursed when the employee can demonstrate a clear business purpose.

The expense report submitted within Concur should provide:

- The specific business purpose of the meal.
- The name(s) and title(s) of all attendees.
- Name and location where meal/event took place.
- The company affiliation.
- Exact amount and date of the expense.
- Business Meal Expenses exceeding \$200 will not be reimbursed without a list of attendees and an itemized receipt (credit card receipt with total only does not meet this requirement).

8.4 Entertainment

Entertainment includes events such as country clubs, theatres and sporting events, whereby a business discussion takes place during, immediately before or immediately after the event. Entertainment expense is strictly limited to those employees authorized to entertain customers, suppliers, or guests as part of normal business relationships.

The following documentation is required for expense reporting:

- Business Purpose of entertainment.
- The name(s) and title(s) of all attendees.
- Name and location where meal/event took place.
- The company affiliation.
- Exact amount and date of the expense.

8.5 Alcohol Consumption

Employees are always responsible for their own conduct. If there is alcohol served at a Company related event, the Company will not be held liable for any employee alcohol related incidents or misconduct, up to and including driving while intoxicated. If an employee has consumed alcohol at a Company related event, they are responsible for ensuring that they do not operate a vehicle after consuming alcohol.

Unless a special exception has been made, at no times shall alcohol be consumed on business premises or during business hours.

8.6 Alcohol Reimbursement

Employees intending to purchase alcohol for a Company hosted event or dinner need to receive approval from their supervisor. Reimbursements submitted without appropriate approval may not be reimbursed.

Other Travel and Expense Information

9.1 Tipping/Gratuities

Gratuities for services will be reimbursed (up to 20%).

9.2 Phone Usage

9.2.1 Air, Rail and Hotel Telephone Usage

To avoid substantial charges, travelers should:

- Use their mobile cell phone.
- Use a toll-free number for business calls whenever possible.
- Air, rail and hotel phone charges will not be reimbursed by the Company.

9.2.2 Personal Cell Phones

Employees in approved positions may submit their monthly cell phone reimbursement for the pre-determined amount as indicated on their pay plan.

9.3 Additional Travel Insurance Purchased by Travelers

Employees will not be reimbursed for expenses for additional travel insurance coverage.

9.4 Loss/Theft of Valuables While Traveling

If a loss of company property occurs the incident must be reported to the employee's supervisor. If the loss is the result of theft, a written report should be made to local law enforcement authorities and a copy of the report submitted. For the loss or theft of personal property, employees should file a claim with their personal property insurance company/agent to determine policy coverage. Baggage Insurance claim procedures can be obtained by contacting the carrier directly. The Company will not reimburse expenses for the loss or theft of personal items or valuables while traveling.

9.5 Wi-Fi

Employees will be reimbursed for all Wi-Fi expenses if expenses are related to work related purposes.

Non-Reimbursable Expenses

The following summary is a list of expenses, although not all-inclusive, that are NOT reimbursable:

- Airline membership fees/dues
- Air, Rail, Car Rental Phone Usage
- Alcohol [see 8.6 for further information]
- Annual dues on a Personal Credit Card
- Car Washes
- Club memberships or fees
- Credit card rewards plans, membership fees or personal credit card fees
- Corporate Credit Card or Personal credit card late penalties/fees
- Hotel Room Movies
- Hotel No-Show/Cancellation Charges
- Hotel Safe Rentals
- Lost Tickets
- Loyalty/Rewards Programs
- Mini-bar refreshments
- Personal Articles (toiletries, magazines)
- Personal entertainment
- Shoe shine, shoe repair
- Souvenirs, personal gifts
- Spa services
- Supplementary personal life insurance or other insurance premiums
- Traffic and Parking Fines
- Lost Cash
- Lost personal items and valuables

Expense Reporting and Reimbursement

Employees who have incurred business related expenses must submit an Employee Reimbursement or a Travel Reimbursement Expense report through Concur in order to receive reimbursement.

10.1 Reconciling the Corporate Credit Card

- Employees who use their Corporate Credit Card should review their credit card statements when sent each statement cycle (approx. the 24th of each month).
- Corporate credit card transactions are automatically imported into Concur and need to be checked/expensed throughout the month.
- Employees will submit their expense report through Concur, after ensuring that the charges on their expense report agree to their corporate card statement
- Once the expense report is submitted within Concur, the employee's supervisor will be responsible for review and approval of business expenses per compliance with the Travel & Expense Policy
- Reconciled monthly corporate credit card expenses not submitted on a timely basis may result in suspension of the corporate credit card.
- Employees will not be reimbursed for any late fees accrued on the corporate credit cards; all late fees are to be taken care of personally by the cardholder.

10.2 Expense Reimbursement for Non-Corporate Card Holders (Personal Credit Card/Cash Business Expenses)

- All employees who do not have the Corporate Credit Card may request reimbursement for business expenses using Concur, and manually importing the business expenses.
- Employees will submit their expense report through Concur, in which their supervisor is responsible for the review and approval. Supervisors will ensure compliance with the Travel & Expense Policy. *No employee is authorized to approve their own, a peer or a superior's expense report.*
- Employees are responsible for submitting all appropriate documents associated with their expense report for which they are requesting reimbursement.

Appropriate Documentation for Reimbursement:

- Receipt(s)
- Personal Credit Card Statement showing charge(s)
- Reimbursements will not be approved after 60 days from the transaction date unless accompanied by an adequate explanation and approved by employee's immediate supervisor

10.3 Categorization of Expenses

It is important for financial reporting that all expenses are categorized correctly and expensed within the correct month. The Company requires that each expense item is reflected individually; expenses cannot be combined simply because all items appear on a single invoice (a hotel invoice/folio, for instance). Expenses should be itemized to all applicable categories on the expense report.

10.4 Converting Foreign Currencies

Expenses in foreign currencies are converted into local currency as follows:

- Expenses incurred and paid directly by the traveler using the Corporate Credit Card are converted at the actual exchange rate and can be reported directly on the expense report.
- Expenses paid by the traveler using cash or other form of payment will be converted using the previous monthly average exchange rate.
- All expenses are required to be recorded in US dollars, with the currency conversion rate clearly noted on the expense report and on all supporting receipts.

10.5 Reimbursement

- Charges on the Corporate Credit Card are automatically paid to the account within 3-5 business days from when approved in Concur.
- Any amount owed to the employee that was not charged to the Corporate Credit Card will be reimbursed within 3-5 business days of approval and be direct deposited into the employee's bank account in which their paychecks are deposited into.
- If an employee does not have a direct deposit set up, they will receive reimbursement via their next paycheck of the period in which the expense was approved in. Please refer to the Company's pay periods and policies.

10.6 Expense Report Audits and Exception Reporting

Internal Audit will conduct periodic audits to ensure policy compliance. Random audits on completed expense reports by Internal Audit will also be conducted on a regular basis concentrating on the expense type, reasonability and justification of expenses, with findings reported and recommendations submitted to the appropriate Department Head.

Post Audits may be conducted from time-to-time focusing on specific categories of expenses such as entertainment or miscellaneous expenses.

Summary of Reimbursement Requirements

The following need to be done in order to receive reimbursement timely.

- All expenses not made on a corporate credit card need proper receipts provided in their reports in order to receive full reimbursement.
- All Business Meal transactions should include a list of attendees added to the expense report in Concur.
- Any Business Meal transaction of \$200.00 or more on a corporate credit card will require the list of attendees, as well as the receipt attached within the report in Concur.
- Approvers will receive an email notification when they have an expense report in their queue. After 5 days they will receive an email daily until approved or returned to the employee.
- Meal Allowances are only allotted for days of traveling on business. Days outside of this are not eligible for meal allowance reimbursement.
- Any personal charges made on a corporate credit card are to be expensed in Concur, and selected in the report as “personal do not reimburse” in which case the employee will be responsible for sending a check for the total amount of personal charges to the JPMorgan Chase directly.
- Credits on the corporate credit card need to be applied to the original purchase. If the original purchase was already expensed, employees will need to wait until they generate an expense equal to or greater than the credit amount in order to process properly in Concur.
- All hotel expenses should be itemized showing the nightly rate and the number of nights stayed.

Methods of Payment

11.1 Chase Corporate Credit Card

The JPMorgan Chase Corporate Credit Card is the corporate card used by Lithia.

11.2 Corporate Credit Card Eligibility

Employees should receive approval from his/her supervisor to apply for the credit card.

11.3 Personal Use of Corporate Credit Card

Employees are not permitted to use their Corporate Card for any personal expenses. Any personal expenses made will result in disciplinary action up to and including suspension of the Corporate Credit Card.

11.4 Reporting Lost/Stolen Cards

A lost or stolen Corporate Credit Card must be reported as soon as it is discovered to be missing by calling 1-800-316-6056

11.5 Emergency Replacement Cards

For an emergency replacement of a Corporate Credit Card, please contact:

- JPMorgan Chase – Phone: 1-800-316-6056

11.6 Business Use of Personal Charge/Credit Card

Personal credit cards may be used for air and hotel charges for business travel although the use of the Company's Corporate Credit Card is strongly encouraged.