

Norfolk Southern Business Travel & Entertainment Guidelines

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Overview

The Business Travel and Entertainment guidelines provide additional clarification of NS Policy 502, Business Travel and Entertainment Expenses.

If your travel questions are not addressed by these guidelines, please contact the HR Help Desk.

Any business travel or entertainment expenses incurred on behalf of Norfolk Southern Corporation, or Company, that are not covered in these guidelines must be submitted to your department head for approval to be eligible for reimbursement. Department heads will need EVP approval for business travel or entertainment expenses that fall outside of these guidelines.

Consider saving money on corporate travel by using telepresence in lieu of travel.

Corporate Travel Card Overview

The Citibank, or Citi, Corporate Travel Card is the primary payment method for business travel and entertainment expenses, including airfare, car rental, hotels, gifts, and meals.

- The Citi Corporate Travel Card should be used for all travel transactions where accepted. All transactions must be substantiated using the expense reporting system (Concur) in a timely manner, but no later than 21 days from when incurred.
- The Corporate Travel Card may be used for incidental personal charges **only** in connection with business travel or business entertainment expenses; other personal use is prohibited and may result in disciplinary action up to and including termination of employment.
- Repeated failures to timely identify personal charges and timely reimbursement of such charges may result in disciplinary action up to and including termination of employment.

Concur Travel & Expense

Travelers book business travel, including air, hotel, and car rental, through **Concur** at **ERC>Employee Self Service>Travel & Expense** or on the **Fiori Apps** page.

In order to minimize fees, travelers should try to book air, hotel, and car rental (if required) at the same time.

Travelers are responsible for reporting and updating all personal travel information in their Concur profile, including:

- Corporate Travel Card number
- Full name, matching government issued ID
- Address and contact information
- Medical restrictions
- Loyalty program memberships
- Seat preferences, etc.

Travelers should not include corporate purchasing card or other personal credit card information in their travel profile.

Contact Information

Corporate Travel

- Concur - www.ConcurSolutions.com
- Travel Leaders Corporate - (877) 591- 5819
- HR HelpDesk - hrhelpdesk@nscorp.com

Expense

- Concur - www.ConcurSolutions.com
- Citi Corporate Travel Card - (800) 248 - 4553
- Accounts Payable - aptravel@nscorp.com

Loyalty Programs

Participation in frequent travel or other customer loyalty programs must not influence the purchase or selection of travel suppliers or travel locations. Use of these programs or related suppliers must not result in increased cost to the Company.

The traveler is responsible for the record keeping, redemption and income tax implications of program rewards. The Company will not intervene to resolve any frequent travel or loyalty program concerns.

Membership costs associated with these programs are not eligible for payment or reimbursement by the Company.

Air Travel

Book all air travel through Concur.

Employees are required to use good business judgment when planning and booking travel requirements. Whenever possible, the lowest cost airfare should be selected.

Save money on air travel by:

- Using preferred airlines (Delta and American Airlines) when their fares are comparable to other carriers with similar schedules.
- Making reservations as far in advance as possible. Ideal fares occur when flight reservations are booked 14 to 90 days in advance.
- Using nonrefundable tickets whenever possible.
- Using alternative airports.

Additional air travel guidelines:

- Fees charged by the airline to transport baggage necessary to conduct company business are eligible for payment or reimbursement.
- Booking air travel at a higher fare in order to use or acquire frequent flyer benefits or other privileges is prohibited.
- Charges assessed by the airline to secure preferred seating or to change flights due to personal preferences (e.g., fees to change to an earlier flight within three hours of the originally scheduled flight) are not eligible for payment or reimbursement.
- Upgrades are not eligible for payment or reimbursement. Travelers may purchase upgrades at their own expense.
- Business class tickets for a single segment of over four hours in-air flight time are allowed for domestic or international travel.
- First class tickets for single segment of over four hours in-air flight time are allowed if pre-approved by the employee's department head.

Travelers making reservations less than four (4) hours prior to departure should contact Travel Leaders Corporate 877-591-5819.

Cancellations and changes:

- All cancellations and changes should be done online in a timely manner.
- Unused tickets should be applied towards future travel.

Denied boarding compensation:

Airlines occasionally offer free tickets or cash allowances to compensate travelers for delays and inconveniences. Travelers may receive denied boarding compensation only if the delay in travel will not cause an increase in cost to the Company and will not interfere with productivity or the business purpose of the trip.

Air travel payment procedures:

- Airfare should be charged to the traveler's Corporate Travel Card.
- Charges for advanced ticket purchases must be submitted in the expense system within 21 days of purchase (even if travel has not occurred).

Airport parking:

Premium parking, which is typically hourly rated parking immediately adjacent to the terminal, is not eligible for payment or reimbursement.

Additional air travel related information is available on the ERC and in Corporate Policy 323, Air Travel Restrictions.

Lodging

Book all lodging through Concur.

Preferred Vendors

The Company has negotiated hotel rates in major cities where the Company conducts business.

- Travelers should identify themselves as Company employees to obtain corporate rates and stay in a standard room.
- Preferred hotels should be booked through Concur.

Conventions, seminars, and special meetings:

- Travelers are not required to book lodging through Concur for conventions, seminars, and special meetings where group rates or special prearranged options are available. However, Company-negotiated rates are sometimes lower than meeting rates and should be inquired about.

Cancellations:

- When possible, travelers should cancel reservations using Concur.
- If cancellation is not possible online, travelers should cancel reservations by contacting the hotel directly.

Charges for lodging that are not eligible for payment or reimbursement include:

- Additional expense for an upgraded room.
- Personal expenses incurred at the hotel (e.g., salon, movies, mini bar, spa, etc.) except for expenses related to a hotel fitness facility.
- Charges for “no show” lodging reservations, except in cases of business necessity.

Ground Transportation

Book all rental cars and rail through Concur.

Car Rental

Hertz is the Company’s preferred rental car company. Our agreement with Hertz provides low rates, all rental car insurance, and loyalty program membership.

Travelers may rent a car when it is less expensive than other transportation modes such as air or rail travel.

Travelers should rent an intermediate or smaller vehicle except when:

- Multiple employees are using one vehicle.
- Company equipment needs to be transported.
- Physical requirements of the passenger(s) dictate alternative vehicles.

Charges not eligible for payment or reimbursement include:

- Daily rental costs in excess of the approved car class.
- Car rental insurance.
- Pre-Payment fuel options – Rental cars should be refueled before being returned to the rental car agency.
- Expenses for the use of navigation devices without business need.

Travelers may accept car rental upgrades only if there is no additional cost to the Company.

Personal Vehicles

Employees may use their personal car for business travel:

- If it is less expensive than renting a car, using a pool car when available, taking a taxi, or using alternate transportation, or
- Where use of a personal car serves a valid business reason.

Commuting Mileage

Reimbursement for business use of personal vehicles is at the Federal Government rate per mile. Additional payment or reimbursement, such as for fuel, is not allowed.

- Mileage for local business travel is eligible for reimbursement if the total distance traveled

during the work day is greater than 25 miles, excluding commuting to and from work.

- Commuting mileage to and from a local airport is not eligible for reimbursement.
- When using an “alternative” airport (one further than your nearest airport) to take advantage of a low cost flight alternative, commuting mileage is eligible for reimbursement.

Rideshare and Taxi Services

Uber, Lyft, taxi, car service, or limousine expenses are eligible for payment or reimbursement when more cost effective than other modes of transportation or when shuttle service is not available.

Rail

Rail travel may be used whenever the traveler finds it convenient and cost-effective.

Long-distance rail travel (Amtrak, etc.) should be at the lowest available fare that offers reserved seating. Reservations should be booked through Concur.

Meals and Entertainment

Expenses for business meals and entertainment must be necessary, reasonable and appropriate.

The traveler’s Corporate Travel Card should be used for purchases of business meals and entertainment except when not accepted.

Employees are required to report names, business affiliations of guests, and the business purpose.

Entertainment expenses and group meals must be incurred and reported by the highest level employee present from the travelers’ department or by the highest level employee present from the department hosting the entertainment or group meal.

Individual Meals

Meals while traveling on business are generally eligible for payment or reimbursement only if the employee is staying overnight (the “overnight stay rule”). For example, if an Atlanta-based employee travels to St. Louis on Monday, spends the night and returns home on Tuesday, meal expenses are eligible for payment or reimbursement. However, if the employee drives to and from Macon during

normal working hours, meal expenses are not eligible for payment or reimbursement.

There is an exception to the overnight stay rule when a normal working day is extended by at least 3 consecutive hours. Meals during the extended portion of these extended work days are eligible for payment or reimbursement regardless of whether the employee is in travel status. For example, if an Atlanta-based employee departs for Macon at 6:00 a.m. and returns home at 11:00 p.m. on the same day, a dinner expense is eligible for payment or reimbursement; an expense for breakfast or lunch would not be.

Group Meals

Meals that are solely with other Company employees who all are in travel status are eligible for payment or reimbursement as a Group Meal.

Only one employee should expense the meal; names of employees in attendance, and the business purpose are required to be reported.

Entertainment

Entertainment expenses are eligible for payment or reimbursement whether or not an employee is in travel status if the entertainment serves a valid business purpose.

Expenses include:

- Entertainment where a substantial and bona fide business discussion occurs before, during, or after.
- Meals that are not otherwise payable or reimbursable, but are business related.

Entertainment expenses are reported as:

- For employees only, Entertainment – Employee.
- For non-employees or a mixed group, Entertainment – Non-Employee.

Meals and Entertainment Scenarios

1. Employee has a day-trip to a college campus for interviews during her normal working hours and does not spend the night. Will NS pay for her lunch?

No, she is not in travel status.

2. *Same scenario, but recruiter takes the college's Career Services counselor to a working lunch with her as a guest. Will NS pay for this lunch?*

Yes. This expense should be submitted as Entertainment – Non-Employee.

3. *Same scenario, but another NS recruiter who is in travel status joins her. The two recruiters go to a working lunch. Will NS pay for this lunch?*

Yes. This expense should be submitted as Entertainment - Employee. If both employees were in travel status, this expense should be submitted as a Group Meal. The highest level employee present should incur and report the meal.

4. *Several employees from Norfolk travel to McDonough for a two-day training class. They all go to dinner together. Will NS pay for this dinner?*

Yes, provided all of the employees are in travel status. If one employee pays the entire bill, it is a Group Meal and the employee paying must be the highest level supervisor at the dinner. If each employee pays individually, it is an employee meal.

5. *Employee based in Roanoke travels to Pittsburgh for a day trip and while there takes a local employee to a working lunch. Will NS pay for this lunch?*

Yes. It should be submitted as Entertainment - Employee.

6. *A local NS sales representative schedules a meeting with a local trainmaster and clients. They have scheduled a working lunch. Will NS pay for this lunch?*

Yes, provided that the employees have a substantial and bona fide business discussion before, during, or after the lunch. It should be submitted as Entertainment – Non -Employee.

7. *Employee takes a day trip to Atlanta. Plane departs at 5 a.m. and the return flight does not arrive back until 11:30 p.m. The employee normally works from 8 a.m. to 5 p.m. Will NS pay for the employee's meals?*

NS will pay or reimburse for breakfast and dinner because they were incurred during the extended portion of a workday that was more than 3 hours beyond the employee's normal work hours. The 3

hours must occur in one block before or after the employee's normal work day.

8. *A train derailment occurs and employees are required to work around the clock. Will NS pay for the employees' meals if they did not have a hotel stay?*

Yes. NS will pay or reimburse for meals incurred during the extended portion of a workday that lasts more than 3 hours beyond a normal workday. In this case, NS will pay or reimburse for meals during the derailment activity because the extended workday continued overnight from one day into the next.

Miscellaneous Business Expenses

- Approved club memberships pursuant to the Club Memberships for Business Use guidelines, found on ethics.nscorp.com.
- Business gifts purchased using the Corporate Travel Card, other than retirement gifts, with department head approval. Please reference Corporate Policy 212.3.
- Departmental functions, other than retirement functions. To be eligible for payment or reimbursement, a log listing the business purpose, participant names, titles, location, cost center and dates must be provided to the Director Income Tax Administration.
- Fuel for corporate vehicles for purposes other than commuting (if a WEX card is not provided).
- Gifts to employees, other than retirement gifts. Please use form 12313, Taxable Gifts and Awards Reporting Form, when appropriate.
- Hotel fitness facility expenses.
- Internet Access (necessary for conducting business while in business travel status).
- Laundry expenses after five consecutive days in travel status, or those of an emergency nature.
- Registration fees for professional meetings and seminars when approved in advance by the department head.
- Telephone calls (necessary for conducting business or reasonable personal use while in business travel).

Personal Expenses

- Animal lodging services.
- Baby-sitting services.
- Expenses for membership to airline club rooms.
- Expenses related to the issuance of a passport, passport card, or visa, without advanced approval of the department head.
- Fuel for personal vehicle.
- Health club membership or use fees (except on-site hotel fitness facilities).
- Movies.
- Non-business-related entertainment.
- Personal travel.
- Purchase of briefcase/luggage for business purposes.
- Retirement functions and gifts where the total expense exceeds \$100 without advanced approval of the Chief Executive Officer.
- Subscriptions/books.
- Traffic violations.
- First class or business class airfare for segments under 4 hours.

Spousal Travel

- The travel expenses of an employee's spouse and/or family (Spousal Travel) are not eligible for payment or reimbursement unless pre-approved by the employee's Executive Vice President.
- Generally, the payment or reimbursement of Spousal Travel expenses will result in taxable income to the employee. If a spouse's or family member's attendance at a professional function serves a legitimate business purpose, payment or reimbursement of the Spousal Travel expenses will not result in taxable income to the employee. Such attendance serves a legitimate business purpose only if the spouse or family member provides a necessary business-related service and is more than incidental. For

example, the attendance of a spouse who provides translating services serves a legitimate business purpose, but the attendance of a spouse who performs some incidental services such as secretarial duties or appears at social functions does not.

Imputed Income

- Notwithstanding company policy to substantiate and submit all expenses within 21 days, under IRS rules, employee substantiation of travel and entertainment expenses paid or reimbursed by the Company (i.e., submission of a completed expense report) that is not submitted within 120 days after the date a quarterly statement of expenses is issued generally will cause such travel and entertainment expenses to be reported as taxable income to the employee. In the absence of unusual circumstances, this means the amounts not timely substantiated through the expense reporting system will be treated as wages to the employee and subject to taxation. If the Company determines unusual circumstances caused the substantiation of travel and entertainment expenses paid or reimbursed by the Company to be more than 120 days after the date a quarterly statement of expenses is issued, the expenses will not be reported as wages to the employee.
- Under IRS rules, employees must reimburse the Company for incidental personal charges incurred on the Corporate Travel Card within 120 days after the date a quarterly statement of expenses is issued. In the absence of unusual circumstances, an employee's failure to reimburse the Company within the required period (even if ultimately repaid) will result in the Company's payment of such expenses being treated as wages to the employee and subject to taxation.