

FPG Vehicle Reimbursement Policy

Car Allowance Fixed and Variable Expense (CAFÉ) Program

Policy Version: 1.0



Effective Date: _____

Prepared By: _____

1. Purpose

The purpose of this policy is to establish a fair, consistent, and administratively efficient method for reimbursing employees who use their personal vehicles for business purposes. The Company has adopted a Car Allowance Fixed and Variable Expense (CAFÉ) vehicle reimbursement program.

This program provides employees with a monthly vehicle allowance intended to offset fixed ownership costs, together with reimbursement for documented business mileage.

2. Eligibility

Employees may participate in this program if their position requires regular use of a personal vehicle for business purposes, they are approved by management, maintain a valid driver's license, and their vehicle meets policy requirements.

3. Vehicle Ownership

Participants must provide and maintain their own personal vehicle for business use. The Company does not provide or lease vehicles under this program.

4. Monthly Vehicle Allowance

Participants receive a monthly vehicle allowance to help offset fixed vehicle costs including depreciation or lease payments, insurance premiums, license & registration fees, and personal property taxes. These expenses are based upon a benchmark vehicle that applies to all employees and are reviewed annually. A **Monthly Fixed Rate Factor (MFRF)** will be determined from these four fixed expenses. The allowance is taxable income and paid through payroll.

5. Mileage Reimbursement

Employees will be reimbursed for documented business mileage at a rate at or below the IRS standard mileage rate. This reimbursement is intended to offset variable operating costs including fuel, expected maintenance & repairs, and wear (including tires). A **Monthly Variable Rate Factor (MVRF)** will be determined from these three variable expenses. These reimbursements will not be taxable, per a compliant IRS-accountable reimbursement plan.

6. Mileage Reporting and Verification

6.1 Total Vehicle Mileage

Total vehicle mileage will be verified each month by collecting a photograph of the vehicle's odometer reading. Employees must submit a clear photograph of the vehicle's odometer reading at the end of each calendar month. Failure to submit the required odometer photo may result in delayed or denied reimbursement.

6.2 Business Mileage Collection

Business miles will be recorded through the Mapsly route tracking software. Mapsly will track business travel and associate those miles with customer activities recorded by the salesperson through the Company's Odoo ERP system and/or Mapsly software.

Business mileage must therefore be supported by:

- Mapsly route tracking data
- Corresponding activities recorded in Odoo or Mapsly for that day

6.3 Employee Responsibility for Mileage Records

The employee is solely responsible for ensuring:

- Odometer photo submission
- Mapsly tracking operation
- Activities recorded in Odoo or Mapsly
- Daily verification of mileage and activity records

If any issue is suspected, the employee must report the issue immediately.

6.4 Mileage Review and Validation Process

Business mileage records will be reviewed three (3) to five (5) business days after the date of record. If an issue has not been reported prior to this review window, the mileage record will be considered final and will not be revisited.

6.5 Adjustment of Business Miles

If activities do not reasonably support the business miles recorded in Mapsly for that day, the Company may adjust the mileage to reflect substantiated business miles. Adjustments will be documented on the monthly mileage report. Employees are responsible for verifying that mileage and activities are recorded daily. Mileage records will be reviewed 3–5 business days after the date of record. If issues are not reported before the review window, records will be considered final.

7. Calculation of Total Vehicle Allowance and Mileage Reimbursement

Monthly Vehicle Allowance = [Business Miles] / [Total Miles] x MFRF

Monthly Mileage Reimbursement = [Business Miles] x MVRF

8. Non-Reimbursable Travel

Commuting, personal travel, and mileage unrelated to company business are not reimbursable.

9. Vehicle Safety Requirements

Vehicles must be safe, reliable, and presentable for customer interactions.

Vehicle Age Requirements:

- Vehicles entering the program must not be more than 5 years old.
- Vehicles may not exceed 10 years of age while in the program.

These standards align with benchmark vehicles used to calculate reimbursement levels and maintain reliability and professional appearance expectations.

10. Insurance Requirements

Minimum insurance coverage must be maintained:

- \$100,000 bodily injury per person
- \$300,000 bodily injury per accident
- \$100,000 property damage per accident

Policies must include a business-use endorsement.

11. Proof of Insurance

Employees must submit a PDF copy of the insurance Declaration Page showing coverage limits and policy dates. Failure to maintain coverage may result in suspension from the program.

12. Driver Requirements

Employees must maintain a valid driver's license and comply with traffic laws. The Company may review Motor Vehicle Records (MVR) periodically.

13. Program Administration

The program may be administered through approved mileage tracking and reimbursement systems. Minimally, an annual review of every vehicle in the Company Fleet will be performed to collect information on these cars, the employees using them, insurance policies and other relevant supporting information.

14. Program Abuse and Misrepresentation

Submitting false mileage, altering odometer photos, falsifying activities, or manipulating tracking data constitutes program abuse and may result in disciplinary action.

15. Policy Review and Changes

The Company reserves the right to update this policy as business needs or regulations change.

16. Employee Acknowledgment

Participation in the program indicates acceptance of the policy terms and requirements.

Addendum

Special Provisions

All pre-existing vehicles in an FPG Vehicle Reimbursement Program as of January 1st, 2026 are not subject to the policy entering vehicle 5-year age requirement in section 9.

The vehicle reimbursement plan for 2026 will increase the MFRF by an amount equal to the tax that will be charged against this MFRF such that the net proceeds of the two equals the amount of the MFRF without a tax payment. In other words, if we determine the estimated taxes paid (ETP) by an employee in 2026, and use the base MFRF, we obtain:

$$\text{Adjusted MFRF} = \text{MFRF} / (1 - \text{ETP})$$

This Adjusted MFRF will then be used in the Monthly Vehicle Allowance calculation.

Appendix A

Sample Calculation

CAFÉ Vehicle Reimbursement Program

Employee Requirements:

- Must use Mapsly to log business miles
- Must do check-ins for all field activities to justify business miles
- Must submit insurance coverage

Accounting must:

- Collect insurance
- Validate business miles
- Collect total miles (odometer readings)
- Perform calculations each month

Vehicle Retention Period 5 Years

Vehicle Information

Base Vehicle	2026 Ford Escape ST-Line Elite
Base Vehicle MSRP	\$41,620 Source: Edmunds.com
5-Year Residual Value %	57.00% Source: CarEdge.com
Base Vehicle Fuel Efficiency	30 MPG Source: Edmunds.com

Employee Information

State County	Hamilton
Zipcode	46060
Expected Average Miles	22,500 Affects Expected Maintenance & Repairs. Initially, set to an average mileage for Year 1. Year 2 will be based upon reasonable expect mileage and will consider relevant historical records.
Taxable Fixed Estimate	
Federal Tax Bracket	22.0% 10% - 37%
State Tax	5.0% Varies by state.
FICA Tax	8.6% 6.2% Social Security, 1.45% Medicare 0.9% at higher incomes
Total Tax	35.6%

Monthly Fixed Rate Factor

	<u>Annual Cost</u>	<u>Monthly Cost</u>	<u>Review Period</u>	<u>Notes</u>
Depreciation or Lease Payments	\$ 4,744.68	\$ 395.39	Annual	Calculation from above data.
Insurance Premiums	\$ 2,411.00	\$ 200.92	Annual	National Average, CarEdge.com or quote tools (e.g. Geico or Progressive)
License & Registration Fees	\$ 51.35	\$ 4.28	Annual	in.gov/bmv
<u>Personal Property Taxes</u>	<u>\$ 375.00</u>	<u>\$ 31.25</u>	<u>Annual</u>	IN - excise tax, KY - motor vehicle property tax, VA - PPTRA, may be waved since personal filing
Total MFRF		\$ 631.84		
Adjustment for Taxable		\$ 980.35		

Monthly Variable Rate Factor

	<u>Cost</u>	<u>CPM</u>	<u>Review Period</u>	<u>Localization</u>
Fuel Prices	\$ 3.035 /gallon	\$ 0.10	Monthly	Use Employee Zip Code on AAA Gas Prices (State & County), Base Vehicle Fuel Efficiency
Tires	\$ 1,199.24 /set	\$ 0.01	Annual	Qty (4) "Michelin Defender 2" tires + install. 80,000-mile warranty. DiscountTire.com
<u>Expected Maintenance & Repair</u>	<u>\$ 589.60 /year</u>	<u>\$ 0.03</u>	<u>Annual</u>	National Average, CarEdge.com. Includes all fluids.
Total MVRF		\$ 0.14		

Mapsly (Business Miles) Records

<u>2025</u>	<u>24,646.07</u>	
Jan		2,109.81
Feb		2,180.59
Mar		1,540.55
Apr		2,538.13
May		1,940.51
Jun		2,394.22
Jul		2,308.87
Aug		1,575.29
Sep		2,195.02
Oct		2,727.24
Nov		2,562.93
Dec		572.92
<u>2026</u>	<u>2,255.12</u>	
Jan		1,644.89
Feb		610.23

Business Miles **22,611** **miles**

Odometer Begin Date	2/28/2025
Odometer Begin Mileage	33,356.5
Odometer End Date	2/24/2026
Odometer End Mileage	63,594.0

Total Miles **30,238** **miles**

Business Miles % **74.8%**

	<u>Factor</u>	<u>Payment</u>
Fixed Payment	\$ 980.35	\$ 733.08
Fixed Payment - Taxes		\$ (260.61)
Variable Payment	\$ 0.14	\$ 271.21
TOTAL AUTO REIMBURSEMENT		\$ 743.68

Appendix B

Annual Vehicle Eligibility Request

CAFÉ Vehicle Reimbursement Program

Employee Name	
Job Title	
Primary Work Location	
Manager/Supervisor	

Vehicle Information

Vehicle Make	
Vehicle Model	
Model Year	
Vehicle Color	
VIN	
License Plate Number	
State of Registration	
Date Vehicle Acquired	

Insurance Information

Insurance Company	
Policy Number	
Policy Effective Date	
Policy Expiration Date	

Required Documentation

- Insurance Declaration Page (PDF)
- Proof of insurance business-use endorsement
- Vehicle registration (if requested)

Employee Certification

I certify that the vehicle listed above will be used in accordance with the Company Vehicle Reimbursement Policy.

Employee Signature _____

Date _____

Manager Approval

Manager Name _____

Manager Signature _____

Date _____

Program Administrator Approval

Approved

Not Approved

P.A. Name _____

P.A. Signature _____

Date _____