

SterlingRisk

BUSINESS EXPENSE REIMBURSEMENT

Travel and Entertainment Policy

PURPOSE

This travel and entertainment reimbursement policy is developed to help employees understand and follow the company's reimbursement process.

The cost of travel and entertainment is deductible for the employer and nontaxable for the employee if it is an ordinary and necessary business expense and is accurately reported.

SCOPE

This policy applies to all employees of SterlingRisk.

OVERVIEW

It is company policy to reimburse employees for certain expenses incurred by the employee in the pursuit of company business. The intent of this document is to cover those expenses incurred by the employee over the normal expenses the employee would incur.

All expenses must be ordinary, reasonable, necessary and have a valid business purpose.

This policy covers items normally encountered as business or travel expense. The company expects its employees to use good judgment. Travelers should seek to incur the lowest reasonable travel expenses and exercise care to avoid impropriety or the appearance of impropriety. Reimbursement is allowed only when reimbursement has not been, and will not be, received from other sources.

If a circumstance arises that is not specifically covered in this travel policy, then the most conservative course of action should be taken.

The company recognizes there will be times when you must exceed "normal" expenses. Such occasions should be the exception and not the rule and should be adequately explained on the expense report. Employees should always keep track of all expenses.

The IRS tax code includes certain guideline on legitimate travel expenses that are allowable for tax reporting purposes. These guidelines serve as basic policy guidelines for the company's reimbursement of travel and entertainment expenses. Complete

explanations and documentation must be present on expense reports to meet IRS specifications for qualified business deductions. Receipts should be obtained whenever possible. Receipts for individual expenditures over \$25 are required.

EXPENSE REPORTING and APPROVAL

The company uses Concur to process T&E reimbursements. All employees incurring travel and entertainment expenses are set up in Concur and provided with a login. As part of the setup, the person responsible for approving your expense report will be identified. This is generally your direct manager. Once you log into Concur, you will have access to several training videos (click on "Training" under the "Help" button on the upper right side of your sign in screen). In addition, the Concur QuickStart Guides for both Expenses and Travel are available on the Strive Accounting page. Rules identified in this document have been programmed into the system and violations will be identified so you can correct them before submission for approval.

Employees should submit their expense report *monthly*. Approved reports are processed twice monthly and reimbursements are made via ACH to the bank account designated in payroll. Expenses submitted over 90 days late will not be eligible for reimbursement.

All items listed on the expense report should show date, client name, person entertained, business location (city and state) and business purpose. All original receipts should be scanned and attached *individually* within the automated Travel & Expense program.

TRAVEL EXPENSES

It is expected that each employee use the best means of traveling to meetings and to and from the airport, taking into consideration cost, time and transportation availability.

When submitting these expenses for reimbursement, clearly indicate the trips starting/ending points, client name and business reason for travel.

- Public Transportation

The cost of public transportation (subway/buses) is reimbursable and does not require a receipt. Since this is usually the least expensive, it should generally be considered first; however, it is understood that it is sometimes the more time-consuming option.

- Taxi/Uber/Car Service

Taxis/Uber (or similar on-line service) may be used for travel in NYC when public transportation is not feasible. Taxi/Uber or car service may be used to and from the airports and hotels, keeping costs in mind. In no case should a luxury limousine or town car be used without prior written manager approval. All charges must be supported with a receipt.

- Rental Cars

A rental car should be selected when traveling by air to see clients if it is more cost efficient than using alternative methods of transportation (taxi/uber/car service).

- Hotels/Lodging

Overnight business travel that requires lodging should be limited to \$250 per day. If you are traveling to another Sterling office, please check with the local office for suggestions on the most reasonable hotel stays.

- Cancellations and changes to hotel stays should be made in sufficient time to avoid extra fees/cancellation charges.
- Itemized hotel receipts must be submitted and all expenses related to the hotel stay (room rate, room service meals, parking) should be accounted for under the proper category (lodging, meals). Movies, dry cleaning and personal purchases from gift shops, etc. are not reimbursable (if you forget your toothbrush, it's on you!)

- Personal Auto

The following expenses are reimbursable for use of personal auto to and from client visits:

- MILEAGE will be reimbursed at the prevailing IRS rate (programmed in Concur) using the following guidelines ONLY if you are NOT receiving a monthly auto allowance.
 - Mileage is calculated based on the closer of your "assigned" office (the office where your permanent desk resides) or your home to the client (or another office) regardless of whether you travel directly from home or from the office to the client's location.
- An example for a Woodbury employee:
 - If you live in Queens and are traveling to Montauk for a client, you would calculate the mileage from the Woodbury office to the Montauk address.
 - If you live in Riverhead and are travelling to Montauk for a client, you would calculate the mileage from your home (Riverhead) to the Montauk address.

This is done because "commuting" to your regular office is NOT a reimbursable expense per the IRS.

- PARKING & TOLLS incurred during business travel are reimbursable and require receipts

- Airline Travel

When booking your business travel, please make every effort to obtain the most cost-effective flights.

- Reimbursements will only be made for coach flights booked at least seven (7) days in advance. All others will need prior management approval.

- Our travel agent, Frosch Travel is available to help with bookings; however, if a less expensive flight is available on your own, we encourage you to book your own travel.
- Under no circumstances will private jet/charter expense be a reimbursable business expense. See additional Partner Air Travel Policy.

MEAL and BUSINESS ENTERTAINMENT EXPENSES

It is expected while traveling or entertaining clients that each employee will use prudent judgement when incurring expenses related to meals and entertainment. Expenditures must be reasonable, necessary and appropriate to conducting company business. Persons entertained must have an influence on Company business and be in a setting that is conducive to a business discussion.

Reimbursable meal and entertainment expenses fall under several categories:

- Individual meals or meals with fellow employees while traveling,
- Business meals provided for customers or other outside business associates for the purpose of business discussion,
- Business meals involving only company employees (must have a specific business reason),
- Business entertainment expense would include cost of tickets (sporting events, concerts, theatre) and related meals and beverages furnished.

All submitted expenses must be supported by ***itemized receipts*** (*not just the credit card receipt*); gratuities should not exceed 20%. When submitting these expenses for reimbursement, the following information must be provided:

- Date
- Amount
- Name/location of the restaurant or other entertainment facility
- Names, titles and Company of all persons involved
- *Business purpose* of the trip or meal (nature of business discussion or expected business or benefit to be derived from the meeting).

Reimbursement of alcohol is permitted when hosting dinner involving clients/guests at no more than two alcoholic beverages per person or one bottle of wine (reasonably priced) per group of 2.

All meal, entertainment, travel or lodging expenses are subject to review, and any expenses that are deemed unreasonable may be questioned and/or rejected by management.

BUSINESS GIFTS

Please keep in mind that gifts given to clients in excess of \$25 (each) are not tax deductible. However, we understand that there are occasions (weddings, births, deaths) that gifts are necessary.

Gifts should be provided as a token of esteem, courtesy or in return for hospitality and should comport with local custom; please use prudent judgement in selecting gifts. When submitting for reimbursement, in addition to date and amount, please provide the name of recipient, client/company and reason for the gift. For any gifts in excess of \$100, please refer to our Anti-corruption policy for additional guidance.

DUES of PROFESSIONAL or TECHNICAL ORGANIZATIONS

Dues paid by managers/department heads for professional or technical organizations related to employment are reimbursable once approved. For all other employees, approval is by their department manager. Amounts submitted must be fully supported by itemized documentation.

TRAINING, CONFERENCES and SEMINARS

Registration fees for business-related, company-approved training courses, conferences, seminars and conventions are reimbursable when approved in advance by your manager. Participants should always take advantage of meals included in the price of a business seminar, conference, etc. rather than incurring an additional expense. Amounts submitted must be fully supported by itemized documentation.

DONATIONS or CONTRIBUTIONS

All donations/contributions must be approved by Marci Waterman in advance. The submission form is available on STRIVE.

RESPONSIBILITIES

It is the responsibility of each employee to understand and comply with the business expense policy prior to submitting expenses for payment. By submitting an expense report through the automated T&E Program (Concur), you are representing to the company that the expenditures incurred are in accordance with this policy. All expense reports are reviewed and approved; non-compliance with the policy is grounds for potential termination.