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1.0 Purpose

The purpose of this document is to ensure that effective expense controls are implemented, that business travel and related expenses are appropriate, and to establish a standardized expense reporting procedure for the timely reimbursement of authorized expenses incurred by employees.

2.0 Scope

This procedure applies to all business travel and related expenses incurred by Principia employees while conducting business on behalf of the company. Therefore, all Principia personnel who incur any type of business travel or related expenses must adhere to this procedure. Contractors have been excluded from the scope of this SOP.

3.0 Personnel Impacted

This policy impacts all Principia employees who incur travel, living, or business-related expenses, as well as to Principia management personnel responsible for reviewing, approving, and processing their reimbursement.

4.0 References


N/A

5.0 Definitions and Acronyms

N/A

6.0 Responsibilities

Area	Responsibility
Management	<ul style="list-style-type: none"> Train all personnel on this procedure and ensure their compliance. Pre-authorize required expenses as needed, review and approve expense reports for reimbursement once submitted by Principia's personnel.
All Personnel	<ul style="list-style-type: none"> Follow the instructions as outlined herein when incurring business travel and related expenses, as well as when completing and submitting expense reports for reimbursement.
Managers / Team Leaders	<ul style="list-style-type: none"> Review and verify the submitted expense reports to ensure they comply with this policy, then approve and forward them to Accounts Receivable for further processing.
Accounts Receivable	<ul style="list-style-type: none"> Verify the accuracy and completeness of submitted expense reports after approval by the Team Leaders and forward them for reimbursement.

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Area	Responsibility
Accounts Payable	<ul style="list-style-type: none"> Complete the reimbursement process by either directly depositing the reimbursement into the requestor's bank account or issuing a reimbursement check.

7.0 Procedure


Principia acknowledges that employees may need to travel or incur other expenses to conduct business, provide services, attend training, or pursue sales opportunities. The company's policy is to reimburse only those business expenses that are legitimately incurred by employees and deemed reasonable and necessary.

When incurring business expenses, employees are expected to:

1. Exercise discretion and sound business judgment regarding those expenses.
2. Be cost-conscious and spend company funds as carefully and judiciously as they would spend their own.
3. Report expenses promptly, providing accurate details on how the funds were spent.

7.1 Expense Reports

- 7.1.1 Expenses will be reimbursed provided the employee requesting a reimbursement submits a completed expense report.
- 7.1.2 The expense report should be generated, submitted, reviewed and approved using the business management software application (e.g. Odoo). In case the business software application is not available, the employee could generate a manual expense report by providing the following information:
 - 7.1.2.1 Employee's name
 - 7.1.2.2 Period covered
 - 7.1.2.3 Purpose of trip or expenditure
 - 7.1.2.4 Itemized daily breakdown of expenses, including dates, travel origin and destination, applicable taxes, etc.
 - 7.1.2.5 Expenditure receipts
 - 7.1.2.6 Employee signature
- 7.1.3 Expense Reports must be submitted by employees in a timely manner - within two (2) weeks of the expenditure incurred or completion of the trip - through the "Expenses" module of Principia's business management software application.
- 7.1.4 Once submitted by employees, expense reports must be processed promptly by Managers/Team Leaders, Accounts Receivable, and

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Accounts Payable—within two (2) weeks of submission—ensuring that any corrections or observations made during the review process have been fully addressed by the requester.

7.1.5 Employees are responsible for submitting an accurate and complete expense report; any inaccurate or incomplete expense report will be rejected and returned to the requester for corrections.

7.1.6 Reimbursement is provided either through a direct deposit to the requester's bank account or via a check made payable to the requester.

7.2 Receipts

7.2.1 Digital or photographed receipts are required for all expenditures claimed for reimbursement in an expense report. Digital or photographed receipts should include, at least: merchant's name, date of transaction, description of items or services and total expenses (including tips, if applicable). When photographing a receipt, ensure it is flat, not crumpled, well-lit and free from glare. Ensure that all photographed receipts are clear, legible, and suitable for expense reporting.

7.2.2 If a receipt is lost and the expense was paid with a credit card, the credit card receipt or statement may be used to document the vendor's name, date, and expense total. If neither is available, an explanatory note should be included in the expense report to document the loss, along with a description of the items or services provided and the expense total. However, no expense exceeding US\$50 will be reimbursed without a receipt or credit card statement.


7.3 Company and Personal Credit Cards

7.3.1 Employees with a company credit card for travel and other business-related expenses must use it to charge all business expenses, without exception, and in strict compliance with the guidelines outlined in this policy. Charges for non-reimbursable expenditures or cash advance withdrawals are strictly prohibited; such actions will result in the loss of the company credit card and/or other disciplinary measures.

7.3.2 If a vendor does not accept the company credit card, or if the employee has not been issued one, employees may use a personal credit card or cash to cover reimbursable travel or business expenses.

7.4 General Travel Considerations

7.4.1 In determining the justification and need of travel expenses, employees and Management should consider the ways in which Principia will benefit from the travel and weigh those benefits against

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the anticipated travel costs. In addition to determining whether the benefits to Principia outweigh the travel costs, less expensive alternatives should be considered, such as meeting or training participation by telephone or video conferencing, or the availability of local programs or training options.

- 7.4.2 When travel expenses are associated with services provided to a Principia customer under an approved purchase order, compliance with the customer company's travel and expense reporting policy or guidelines is required.

7.5 Air, Bus or Rail Travel

- 7.5.1 Airplane, bus, or railroad expenses for business travel are generally covered by Managers/Team Leaders unless the employee has been issued a company credit card. In specific situations where this is not the case, these expenses will be reimbursed to the employee, provided they have been pre-authorized by Management.
- 7.5.2 For air travel, expenses shall include the fee for one (1) piece of baggage, except for long-term trips. Fees for additional baggage required for long-term trips will be reimbursed, provided the expenditures are pre-authorized by Management.
- 7.5.3 Economy or Coach Class tickets should be purchased for all domestic flights (between Puerto Rico and continental United States) and international flights, unless otherwise pre-authorized by Management. Special, limited business circumstances may require the purchase of Business Class tickets for continental or international flights – situations where it makes business sense to travel Business Class (like when accompanying customers who are travelling Business Class) or situations where the customer's expense reimbursement policy provides for it. Reservations should be made as far in advance as possible to take advantage of reduced fares, especially on long-term work assignments.
- 7.5.4 Employees may accept and retain frequent flyer miles and compensation for denied boarding for their personal use. However, employees should not deliberately patronize a single airline to accumulate frequent flyer miles if less expensive comparable tickets are available on another airline.

7.6 Ground Transportation

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7.6.1 When traveling overseas (out of Puerto Rico), employees are expected to use the most economical ground transportation appropriate for the circumstances. Generally, employees should consider the following means of transportation, in the order listed:

7.6.1.1 Courtesy Cars and Shuttles: Whenever possible, employees should use the free courtesy cars or shuttle buses that most hotels and airports have, which take guests to and from the airport to the hotel at no charge.

7.6.1.2 Taxis or Ride-Hailing Services: When courtesy cars and shuttles are not available, employees are encouraged to use a taxi or a ride-hailing service (such as Uber or Lyft) as the next most economical and convenient form of transportation when the trip is for a limited time and/or minimal mileage is involved.


7.6.1.3 Rental Cars: Employees should rent a compact car when it is the most appropriate option for the circumstances. Car rentals through membership clubs and long-term (+30 days) car rentals are encouraged to achieve discount pricing. Employees should decline all services products (GPS rental, pre-paid gas, child car seat rental, etc.) offered by the rental car company.

7.6.1.3.1 Regarding rental car insurance products, employees should always accept the following insurance product:

- Insurance to cover Bodily Injury and Property Damage to Others - usually called ALI (Additional Liability Insurance), LIS (Liability Insurance Supplement) or SLP (Supplemental Liability Protection).

7.6.1.3.2 Employees should accept the following rental car insurance product unless the rental is fully charged to the company credit card, which provides primary CDW/LDW coverage:

- Insurance to cover the Rental Car - usually called CDW (Collision Damage Waiver) or LDW (Loss Damage Waiver)

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7.6.1.3.3 Employees should always decline the following rental car insurance products:

- Insurance to cover Renter's Personal Accident and Personal Effects - usually called Personal Accident Insurance / Personal Effects Coverage (PAI/PEC)
- Insurance to cover Roadside Incidents (such as lost keys, lockouts and fuel outages) - usually called Roadside Assistance Protection (RAP).

7.6.2 Employees are expected to use gas, taxis, or ride-hailing services in moderation during spare time. If a personal long trip is taken or gas usage exceeds typical levels, the employee will be responsible for the associated expense.

7.7 Personal Cars

7.7.1 Employees are reimbursed for use of their personal cars when used for business related transportation purposes for mileage (distance) exceeding 50 miles (one way). This includes travel to the employee's work location, or to a training or meeting location.

7.7.2 When employees use their personal car for such travel, mileage is reimbursed at the current U.S. Internal Revenue Service (IRS) rate, which is integrated into the 'Expenses' module of the Principia business management software.

7.7.3 Mileage is determined based on the distance between the employee's home (origin city) and work/training/meeting location (destination city), using the Puerto Rico Department of Transportation Mileage Calculator (*Calculadora de Millaje*), which may be found at <https://act.dtop.pr.gov/calculadora-de-millaje/>.


7.8 Parking and Tolls

7.8.1 Parking and toll expenses (including charges for hotel parking) incurred by employees while traveling overseas (out of Puerto Rico) are reimbursed.

7.8.2 On-airport parking expenses for short business trips (up to 2 consecutive days) are reimbursed.

7.8.3 For extended trips, employees should seek other parking or transportation to/from airport options:

7.8.3.1 Taxis or ride-hailing services

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7.8.3.2 Long term airport parking

7.8.3.2.1 Only 1 to 5 consecutive days at the long-term parking (SJU Airport parking lot adjacent to Terminal E) will be reimbursed. Parking information can be found at <https://aeropuertosju.com/transportacion/>.

7.8.3.3 Any other parking or transportation arrangements must be approved by Management before being finalized.

7.9 Hotel Accommodations


- 7.9.1 Hotel accommodation expenses incurred while traveling overseas (outside Puerto Rico) or locally when staying overnight away from home are generally covered by Managers / Team Leaders, unless the employee has been issued a company credit card.
- 7.9.2 In specific cases where this does not apply, these expenses will be reimbursed to the employee, provided that the expenditures have been pre-authorized by Management. Hotel expenses, including applicable room tax charges, are reimbursed at the single-room rate for the reasonable cost of accommodation.
- 7.9.3 When booking hotel rooms, employees should prioritize room comfort, area safety, location convenience, proximity to the airport and target destination, as well as ground transportation options and associated costs.

7.10 Long-Term Housing Accommodations

- 7.10.1 For long-term assignments, employees should consider leasing a housing unit to reduce housing costs. These accommodations should include all necessary utilities and services, such as: electricity, water and sewage, garbage collection, cable TV, internet, and renter's insurance. The long-term accommodation contract must be reviewed and approved by management before finalizing.

7.11 Meals

- 7.11.1 Meal expenses incurred while traveling overseas (outside Puerto Rico) or locally while staying overnight away from home are reimbursable. Reimbursement is based on the actual meal cost, provided an original, itemized receipt is submitted for each meal. Meal expenses must be reported separately in the Expense Report, categorized by breakfast, lunch, and dinner.
- 7.11.2 Meal allowances or per diem are subject to the provisions outlined in the customer's expense reimbursement policy.

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7.11.3 During a Principia paid trip the following guidelines are observed:

7.11.3.1 A meal per diem of \$60.00 is allocated for trips within Puerto Rico.

7.11.3.2 If the trip is within the lower 48 United States the meal allowances will follow the rates established by the US General Services Administration at <https://www.gsa.gov/travel/plan-book/per-diem-rates>.

7.11.3.3 Expenses for other destinations will be evaluated on a case-by-case basis.

7.12 Other Expenses

7.12.1 Laundry

7.12.1.1 Laundry expenses while traveling overseas (out of Puerto Rico) for more than 7 consecutive days are reimbursed.

7.12.2 Passport and Visa Fees

7.12.2.1 Passports expedite-processing fees and Visa processing fees are reimbursed when traveling overseas (out of Puerto Rico) to countries that require such immigration documents. This type of expense is reimbursed provided expenditures are pre-authorized by Management.


7.12.3 Operating Supplies

7.12.3.1 Extraordinary operating supply expenditures required to perform normal work duties are reimbursed subject they are properly justified and pre-authorized by Management.

7.12.4 Entertainment and Business Meetings

7.12.4.1 Reasonable expenses incurred for business meetings or other types of business-related entertainment are reimbursed provided expenditures are pre-authorized by Management. Detailed documentation for any such expense must be provided, including the following:

- Date and place of entertainment or meeting
- Nature of expense
- Name, titles and corporate affiliation of all participants
- Detailed description of business purpose for the activity or meeting including the specific business matter discussed.
- Itemized receipts (not credit card receipts or statements) showing the vendor's name and address, date, description of items or services provided (if not

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otherwise obvious), and total expenses (including tips, if applicable).

7.13 Non-Reimbursable Expenditures

7.13.1 Principia maintains a strict expense reimbursement policy in which expenses that could be perceived as inappropriate, excessive or lavish are not reimbursed. Non-reimbursable expenses include (but are not limited to) the following:

- Business or first-class tickets or upgrades
- Travel insurance
- Limousine travel
- Valet parking services
- Towing charges or parking/traffic violation fines
- Movies, liquor or bar costs
- Gym or spa charges
- Sporting equipment purchases or rental.
- Clothing, luggage, toiletries and other personal items purchases
- Passport standard processing fees
- Meals paid for or provided by others.
- Personal credit card late payment fees or interest charges
- Membership fees at any professional organization or country club, private club, gym, health club, sport club or similar recreational organization
- Expenses for personal travel/business or for spouses, friends or relatives accompanying the employee.


7.14 Exceptions and/or Amendments

7.14.1 Exceptions and/or amendments to the requirements of this policy will be evaluated by Management on a case-by-case basis, considering the specific circumstances of each situation. Employees are required to promptly communicate exceptional situations for evaluation and decision-making by Management prior to taking any action. The approval of an exception should not be viewed as establishing a new policy rule or requirement applicable to future situations.

7.14.2 Principia reserves the right to modify what constitutes a reimbursable expense as set forth in this policy and the limit amounts of specific reimbursable expenses. |


8.0 Attachments

Number	Attachment
N/A	N/A

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9.0 Revision History

Revision #	Change
00	<ul style="list-style-type: none"> • This SOP is a revision and update to policies and converted into new template, from SOP-TERR-00 effective since March 21, 2014. • Section 6.0 “Responsibilities”: Accounts Receivable and Accounts Payable responsibilities were added. • Section 7.1 “Expense Reports” introduces the business management software application and covers the new expense report submission process. • Section 7.2 “Receipts” replaces original receipts from previous revision to digital or photographed receipts, and provides tips for a clear and legible photograph of the receipt. • Section 7.4 “General Travel Considerations” includes a statement regarding the adherence to customer company travel and expenses policies. • Section 7.6 “Ground Transportation” sub-section 7.6.1.2 introduces the option of ride-hailing services, such as Uber or Lyft, as an option for ground transportation. • Section 7.6 “Ground Transportation” sub-section 7.6.1.3 details the insurance products employees should accept or decline for car rentals. • Section 7.7 “Personal Cars” sub-section 7.7.2 replaces the expense report form for the Expenses module in the business management software. • Section 7.10 “Long Term Housing Accommodations” is added. • Section 7.11 “Meals” includes reimbursement policy for per diem allowances. • Section 7.12 “Other Expenses” removes sub-section “Telephone and Internet Expenses” from the previous revision. • Section 7.13 “Non-Reimbursable Expenditures” sub-section 7.13.1 was updated to remove some types of expenses from the non-reimbursables expenses list. • Section 7.14 “Exceptions and/or Amendments” is added to instruct in case exceptions or amendments are presented in specific circumstances. • Appendix A – Expense Report Form from the previous revision is removed.

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01	<ul style="list-style-type: none"> Section 7.8 “Parking and Tolls” sub-section 7.8.3 is added to provide reimbursed parking or transportation options to and from the airport on extended trips. Section 7.11 “Meals” sub-section 7.11.3 is added to establish meal guidelines for Principia paid trips.
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Effective Date assigned by signature:	 <small>Signed with Qeoo Sign 76f52c6b1d...</small>
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